

Preliminary Official Statement Dated December 10, 2025

New Money Issue: Book-Entry-Only

Ratings: S&P Global Ratings: "AA+"

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)



\$30,000,000 City of Middletown, Connecticut General Obligation Bonds, Issue of 2025

Dated: Date of Delivery

Due: Serially May 15, 2027 - 2036
as detailed below

The \$30,000,000 General Obligation Bonds, Issue of 2025 (the "Bonds") will be general obligations of the City of Middletown, Connecticut (the "City"), secured by the pledge of the City's full faith and credit. (See "Security and Remedies" herein.)

Interest on the Bonds will be payable on May 15, 2026 and semiannually thereafter on November 15 and May 15 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of and interest payments on the Bonds will be made to The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., as registered owner of the Bonds. DTC will act as security depository for the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or Owner shall mean Cede & Co. and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry-Only Transfer System" herein.)

The Registrar, Transfer Agent, Certifying Agent and Paying Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2027	\$ 3,000,000	..%	..%	596884	2032	\$ 3,000,000	..%	..%	596884
2028	3,000,000	..%	..%	596884	2033	3,000,000	..%	..%	596884
2029	3,000,000	..%	..%	596884	2034	3,000,000	..%	..%	596884
2030	3,000,000	..%	..%	596884	2035	3,000,000	..%	..%	596884
2031	3,000,000	..%	..%	596884	2036	3,000,000	..%	..%	596884

Electronic bids via PARITY for the Bonds will be received until 11:30 AM (Eastern Time) on Wednesday, December 17, 2025 at City Hall, City of Middletown, Second Floor, Conference Room 208, 245 deKoven Drive, Middletown, Connecticut 06457, as described in the Notice of Sale. (See Appendix D attached hereto.)

The Bonds are subject to redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.

The Bonds are offered for delivery when, and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel of Bridgeport and Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company in New York, New York, or its agents, on or about December 30, 2025.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which is not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

This Official Statement may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the City up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the City assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the City; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the City; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the City; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; and (xi) disruptions to the City's technology network and systems, including computer systems and software; and (xii) other factors contained in this Official Statement.

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Table of Contents

	<u>Page</u>		<u>Page</u>
Bond Issue Summary.....	1	IV. Revenue and Tax Policy.....	27
I. Bond Information.....	2	Comparative Assessed Valuations.....	28
Introduction.....	2	Exempt Property	29
Global Health Emergency Risk.....	2	Principal Taxpayers.....	29
Climate Change.....	3	Property Tax Levies and Collections.....	30
Cybersecurity.....	4	V. Debt Summary.....	31
Municipal Advisor.....	4	Principal Amount of Bonded Indebtedness.....	31
Description of the Bonds.....	4	Clean Water Fund Program.....	32
Optional Redemption.....	5	School Projects.....	32
Authorization and Purpose.....	5	Other Obligations.....	33
Use of Bond Proceeds.....	6	Overlapping/Underlying Debt.....	33
Book-Entry-Only Transfer System.....	7	General Fund Annual Bonded Debt Maturity Schedule .	34
DTC Practices.....	8	Special Revenue Funds Self-Supporting Debt	34
Replacement Bonds.....	8	Debt Statement.....	35
Security and Remedies.....	9	Current Debt Ratios.....	35
Availability of Continuing Disclosure Information..	10	Maturities.....	36
Bond Insurance.....	10	Temporary Financing.....	36
Tax Matters.....	10	Limitation of Indebtedness.....	36
Qualification for Financial Institutions.....	12	Statement of Statutory Debt Limitation.....	37
Legal Opinion.....	12	Authorized but Unissued Debt.....	38
Registrar, Transfer Agent, Paying Agent and Certifying Agent.....	12	Ratio of Annual Debt Service Expenditures to Total General Government Expenditures.....	39
Ratings.....	12	Ratios of Net Long-Term Debt to Valuation, Population and Income.....	39
II. The Issuer.....	13	VI. Financial Administration.....	40
Description of the City.....	13	Audit.....	40
Description of Government.....	14	Accounting and Budgetary Basis.....	40
Principal Municipal Officials.....	14	Liability Insurance.....	40
Municipal Services.....	14	Workers' Compensation Insurance.....	41
School Facilities.....	19	Investment Policy for Operating Funds	41
School Enrollment.....	19	Other Post-Employment Benefits.....	42
Municipal Employees.....	20	General Fund Revenues, Expenditures and Changes in General Fund Balance.....	44
Employee Collective Bargaining Organizations.....	20	Analysis of General Fund Balance.....	44
III. Economic and Demographic Information.....	21	Pension Plan.....	45
Population and Density.....	21	VII. Legal and Other Information.....	47
Age Distribution of the Population.....	21	Legal Matters.....	47
Income Distribution.....	22	Litigation.....	47
Income Levels.....	22	Documents Furnished at Delivery.....	47
Age Distribution of Housing.....	22	Concluding Statement.....	48
Housing Inventory.....	23		
Housing Unit Vacancy Rates.....	23		
Owner-Occupied Housing Units.....	23		
Specified Owner-Occupied Units.....	24		
Educational Attainment.....	24	Appendix A - Audited 2024 General Purpose Financial Statements	
Employment Data	24	Appendix B - Form of Legal Opinion of Bond Counsel	
Employment by Industry.....	25	Appendix C - Form of Continuing Disclosure Agreement	
Major Employers.....	25	Appendix D - Notice of Sale	
Commute to Work.....	25		
Building Permits.....	26		
Land Use Summary.....	26		

Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

<i>Date of Sale:</i>	Wednesday, December 17, 2025 at 11:30 A.M. (Eastern Time).
<i>Location of Sale:</i>	City Hall, City of Middletown, Second Floor, Conference Room 208, 245 deKoven Drive, Middletown, Connecticut 06457.
<i>Issuer:</i>	City of Middletown, Connecticut (the “City”).
<i>Issue:</i>	\$30,000,000 General Obligation Bonds, Issue of 2025 (the “Bonds”).
<i>Dated Date:</i>	December 30, 2025.
<i>Interest Due:</i>	Interest due May 15, 2026 and semiannually thereafter on November 15 and May 15 in each year until maturity.
<i>Principal Due:</i>	Principal due serially May 15, 2027 through May 15, 2036 as detailed on the cover of this Official Statement.
<i>Purpose:</i>	Proceeds of the Bonds will permanently finance various general public improvements, school, sewer, water projects authorized by the City.
<i>Redemption:</i>	The Bonds are subject to redemption prior to maturity as herein provided.
<i>Security:</i>	The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<i>Credit Rating:</i>	The Bonds have been rated “AA+” by S&P Global Ratings.
<i>Bond Insurance:</i>	The City does <u>NOT</u> expect to purchase a credit enhancement facility.
<i>Basis of Award:</i>	Lowest True Interest Cost (“TIC”), as of the dated date.
<i>Tax Exemption:</i>	See “Tax Matters” herein.
<i>Bank Qualification:</i>	The Bonds <u>shall NOT</u> be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
<i>Continuing Disclosure:</i>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
<i>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</i>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Certifying Agent and Paying Agent.
<i>Municipal Advisor:</i>	Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460 will act as Municipal Advisor. Telephone: (203) 878-4945.
<i>Legal Opinion:</i>	Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
<i>Delivery and Payment:</i>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about December 30, 2025. Delivery of the Bonds will be made against payment in Federal Funds.
<i>Issuer Official:</i>	Questions concerning the City and the Official Statement should be addressed to Carl R. Erlacher, Director of Finance & Revenue Services, 245 deKoven Drive, Middletown, Connecticut 06457. Telephone: (860) 638-4880.

I. Bond Information

Introduction

This Official Statement is provided for the purpose of presenting certain information relating to the City of Middletown, Connecticut (the “City”) in connection with the original issuance and sale of \$30,000,000 General Obligation Bonds, Issue of 2025 (the “Bonds”) of the City.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated December 10, 2025 has been furnished to prospective bidders. Reference is made to the Notice of Sale, attached hereto as Appendix D, for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The City deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement other than matters expressly set forth as its opinion and makes no representation that it has independently verified the same.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds to be executed by the City substantially in the form attached as Appendix C to this Official Statement.

U.S. Bank Trust Company, National Association will act as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Public Health Considerations

Commencing in late 2019, an outbreak of a respiratory disease caused by a new strain of coronavirus (“COVID-19”) resulted in a global public health crisis. The federal and State governments both declared public health emergencies and, along with local governments, took action to limit the spread of the outbreak and reduce the resulting economic impact. The federal and State public health emergency declarations have since been terminated.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the City. However, prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the federal or State governments and that any resurgence of COVID-19 or another infectious disease could have a material adverse effect on the City and its financial and operational performance.

The City received approximately \$21.7 million from the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic (the “COVID-19 Aid”). The City developed a plan for the use of such funds that focused on infrastructure improvements and other initiatives that complied with the program eligibility criteria. No assurance can be given that the City would receive federal aid akin to the COVID-19 Aid if another pandemic or similar public health emergency were to occur.

Climate Change

Middletown has been designated an “environmental justice community” by the Connecticut Department of Energy and Environmental Protection, indicating that a critical number of its residents experience systemic racial, social, and economic injustices and disproportionate exposure to the effects of climate change and environmental degradation.

As a result, the City passed a resolution in 2020 that provides the foundation upon which the City shall develop future priorities, legislation, policies, plans, budgets, and actions. The resolution will establish an emergency mobilization effort that, with ongoing City funding and appropriate financial and regulatory assistance from state and federal authorities, will aim to end City-generated greenhouse gas emissions by or before December 31, 2030, and to adopt techniques to safely reduce emitted carbon.

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The City cannot predict the timing, extent or severity of climate change and its impact on the town’s operations and finances.

In an effort to address climate risks, the City maintains a Hazard Mitigation Action Plan (the “Plan”) that was developed in coordination with the Lower Connecticut River Valley Council of Governments and was updated as recently as 2021. The Plan identifies specific hazard concerns of the City including flooding, dam breach/failure, wind (hurricane, tornado, or severe wind event), winter weather, extreme temperatures, drought and wildfire, and earthquakes (the “Hazards”). The Plan includes: (i) an assessment of the risks related to each of the Hazards; (ii) a prioritization of mitigation strategies based on a set of criteria applied to each proposed strategy; and (iii) an action plan through 2025 that includes goals and objectives for each action item noted.

Amongst all of the Hazards, winter storms, flooding and severe weather events require the most significant hazard planning considerations for the City. The City has a variety of natural hazard mitigation capabilities, including local plans, regulations and ordinances, operational protocols and emergency response capabilities that contribute to resilience.

The City’s Plan includes specific mitigation action items related to flooding, including: (i) enhancing the City’s land use regulations designed to protect natural resources and restrict development in flood zones and other hazard-prone areas; (ii) acquiring property not yet developed along the riverfront; (iii) implementing stage sandbagging for flood barricades for all facilities from Main Street to the Connecticut River; (iv) performing remediation project for Canoe Club, Harbor Drive to stabilize the riverbank and increase storage capacity; (v) improving system and increasing efficiencies for evacuation routing; and (vi) abandoning some facilities and installing watertight grinder pump at the Harbor Park Pumping Station.

In addition, the City implemented some key changes to its critical facilities in an effort to increase hazard mitigation. Some of those changes to the critical facilities, amongst others, include: (i) new pump stations added to pump to the Mattabasset District Wastewater Treatment Plant, (ii) all of the City’s sewage is now treated at the Mattabasset District plant, (iii) new emergency operations center was built, which has its own generator, (iv) new fuel center generator was installed at the high school; and (v) new solar installations were placed at the water and sewer department.

Cybersecurity

The City, like many other public and private entities, relies on technology to conduct its operations. The City and its departments face cyber threats including but not limited to hacking, viruses, malware, phishing, and other attacks targeting both its technology and its personnel. To reduce the risk of a successful cybersecurity threat, the City has invested in IT security firewalls, anti-virus software, anti-malware software, ransomware protection software, multi-factor authentication, and cybersecurity training. All of the City's computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City has invested in disaster recovery systems which leverage regular daily system backups. A cyber response plan has been included in the City's Emergency response manual. In the event of a cybersecurity incident, recovery from an earlier state for any enterprise application system is possible. The City currently has a cybersecurity insurance policy. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact financial operations and/or damage the City's digital networks and systems and the costs of remedying any such damage could be substantial. The City recently employed an outside agency to actively monitor its network and inform of any suspicious activity. They point out areas where the City can improve security preemptively, allowing the City to stay ahead of the curve when it comes to security. There have not been any substantial cyber-attacks directed towards the City.

Municipal Advisor

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, has served as Municipal Advisor to the City in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds mature on May 15 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated December 30, 2025 and will bear interest at the rate or rates per annum specified by the successful bidder, payable on May 15, 2026 and semiannually thereafter on November 15 and May 15 in each year until maturity as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of April and October in each year, by check mailed to the registered owner or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree.

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Optional Redemption

The Bonds maturing on or before May 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2033 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after May 15, 2032 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<i>Period During Which Redeemed</i>	<i>Redemption Prices</i>
May 15, 2032 and thereafter.....	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days or more than sixty (60) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the City will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to Title 7, Chapter 109, Sections 7-369 et seq. of the Connecticut General Statutes, as amended, the Charter of the City, and bond ordinances approved by the City's Common Council and City Referendum (if applicable). (See "Use of Bond Proceeds" herein.)

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Use of Bond Proceeds

Subject to the City's election to reallocate proceeds among its authorized projects to meet its capital cash flow needs, the proceeds of this issue are expected to be used to finance the projects listed below:

<i>Project</i>	<i>Original Amount Authorized</i>	<i>Bonds: This Issue</i>
CSO & Surface Improvements 2001	\$ 9,900,000	\$ 385,000
CSO Surface Improvements 2007	8,620,000	350,000
Route 66, Westfield, Water & Sewer Improvements	4,500,000	25,500
John Roth Water Treatment Plant (2010).....	310,000	7,000
2011 Road Bond.....	14,170,000	260,000
Parking Security	600,000	26,500
Road Bond-2013.....	15,200,000	260,000
City security.....	750,000	18,250
Parks - 2015	33,450,000	3,529,750
Firing Range - 2015	750,000	37,000
Bullet trap system firearms facility-2016.....	750,000	37,000
W&S Main St, Columbus, Mazzotta, Erin St-2016.....	4,255,000	63,000
Central Communications System-2016.....	12,100,000	275,000
Wells Replacement-2018.....	1,800,000	39,000
Road Bond-2018.....	16,350,000	4,000,000
Open Space 2019.....	5,000,000	159,500
Sidewalks 2019.....	500,000	38,900
IT Systems & Devices 2019.....	446,000	17,500
21st Century Infrastructure Development 2020.....	55,000,000	11,000,000
Sidewalks-2021.....	500,000	50,500
Water and Sewer Improvements 2022.....	19,900,000	8,251,800
W&S Red Road Sewer Pump Station 2023.....	750,000	745,000
Water&Sewer lead water service line inventory 2024	390,500	11,800
Water&Sewer John Roth equipment upgrades 2024	450,000	220,000
Water&Sewer Newfield St sewer pump replacement 2024..	500,000	126,000
911 Center 2024.....	10,000,000	49,000
Bartholomew booster pump station 2025.....	2,550,000	17,000
Totals.....	\$ 219,491,500	\$ 30,000,000

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Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

DTC Practices

The City can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the City fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the City will issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

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Security and Remedies

The Bonds will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt (hereafter "debt") and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, moratorium and other similar laws affecting creditors rights hereto for or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Under the United States Bankruptcy Code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title II of the United States Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

***THE CITY OF MIDDLETOWN, CONNECTICUT HAS NEVER DEFAULTED IN THE
PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.***

Availability of Continuing Disclosure Information

The City prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management on an annual basis. The City provides, and will continue to provide to the rating agencies ongoing disclosure in the form of the annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The City will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of the SEC Rule 15c2-12(b)(5) (the “Rule”), (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of failure by the City to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the City has not failed to comply in any material respect its undertakings under such agreements, except for the following. For the fiscal years ended June 30, 2022, June 30, 2023 and June 30, 2024, the audited financial statements and operating data of the City were filed late with the Municipal Securities Rulemaking Board (“MSRB”). The Town filed notices of the failure to file such annual financial information with the MSRB on March 3, 2023, March 1, 2024 and March 3, 2025, and filed the audited financial statements and operating data for FY 2022, FY 2023 and FY 2024 on October 25, 2023, April 2, 2025 and July 25, 2025, respectively.

Bond Insurance

The City does not intend to purchase a credit enhancement facility for the Bonds.

Tax Matters

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Bond Counsel’s opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the City with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

Original Issue Discount. The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

Qualification for Financial Institutions

The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Legal Opinion

The legal opinion for the Bonds will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B to this Official Statement.

Registrar, Transfer Agent, Paying Agent and Certifying Agent

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

Ratings

The Bonds were rated "AA+" by S&P Global Ratings. The City has furnished to the rating agency certain information and materials, some of which may not be included in this Official Statement. Rating agencies generally base their ratings on the information and materials furnished to them, and upon further investigations, studies and assumptions by each respective rating agency. There can be no assurance that a rating will continue for any given period of time, or that it will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any such downward change in, or withdrawal of, a rating may have an adverse effect on the marketability or market price of outstanding securities.

The rating reflects only the view of the rating agency. S&P Global Ratings should be contacted directly for an explanation of such rating. The City expects to furnish to the rating agency information and materials that they may request. The City's Municipal Advisor, Phoenix Advisors, recommends that all bonded debt be submitted for a credit rating. No application has been made to any other rating agency for the purpose of obtaining ratings on outstanding securities of the City.

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II. The Issuer



Connecticut

Description of the City

Middletown was settled in 1650, and incorporated as a Town in 1651. The City and Town were consolidated in 1923 and the 1st and 2nd taxing districts and two school districts were consolidated in 1959. The City covers an area of 42.9 square miles located on the west bank of the Connecticut River, fifteen miles south of Hartford. Middletown is traversed by Interstate 91 and State Highways Number 9, 17, 66, 72, 155, 157 and 217. Bus transportation linking Middletown with other communities is provided by commercial companies, as is an intra-city bus service. Freight service is provided by Conrail, light shipping up the Connecticut River and various motor common carriers.

Wesleyan University, founded in 1831, is located in Middletown. The University is nationally recognized and owns a beautiful campus. With an enrollment of nearly 2,900 students and a significant faculty and staff, its economic and social impact upon the community is important and includes rich cultural offerings open to Middletown residents. The University has also been responsible for the formation of the Hill Development Corporation which, over the past two decades, has provided varied housing opportunities in the City.

Middlesex Community College, located to the south of the downtown area, provides adult and continuing education, as well as a two-year undergraduate program.

Middletown has numerous medical facilities and convalescent homes to meet area health needs. The Middlesex Hospital, located within the City, has a capacity of approximately 380 beds and is the focal point for health delivery services for Middlesex County. The hospital combines the quality care of competent, concerned, personalized service with the accuracy and convenience of high technology, and is the only acute care, community hospital in this county of approximately 160,000 residents. Its medical staff, with board-certified physicians in virtually all major sub-specialties, offers a wide range of coverage including preventative medicine as well as the diagnosis and treatment of illnesses. The hospital also functions as a major educational resource to prepare students for health careers.

Description of Government

Middletown operates under a Charter first granted in 1874 and subsequently revised. The most recent revision was effective November 2, 2021. The City is governed by a full-time Mayor and a twelve-member Common Council elected at large for a term of two years. The Mayor is the chief executive officer of the City. In addition to the City's departments, there is a Sanitary District Commission, a Water and Sewer Commission, a Parking Authority, a Housing Authority and a Downtown District. A Director of Finance & Revenue Services administers the financial affairs of the City.

Principal Municipal Officials

Official	Name	Manner of Selection	Length of Service	Term of Office	Former Employment
Mayor	Eugene P. Nocera ¹	Elected	< 1 year	Nov. 2027	School Principal
Director of Finance & Revenue Services	Carl R. Erlacher	Appointed	21 years	Indefinite	Accounting Firm
Chairwoman, Board of Education	Sheila Daniels	Elected	2 years	Nov. 2027	Teacher
Interim Superintendent of Schools ²	Dr. Alan Addley	Appointed	< 1 year	Indefinite	Superintendent

¹ Prior to being elected, Mayor Nocera served as interim Mayor as of June 2025 and also served on the Common Council for over ten years and was elected Common Council President in November 2023.

² The City is currently in the process of filling this position full-time.

Source: City of Middletown, Human Resources.

Municipal Services

General government is comprised of the legislative, executive, and legal activities of the City, as well as staff and auxiliary housekeeping services. The Mayor presides over the Common Council, and is also the chief executive officer of the City. The directors of all City departments and agencies are responsible to the Mayor for all matters regarding the operation of their respective departments. In a broad sense, general government activities provide the administrative and overhead systems, which support the operations of programs necessary for the achievement of City objectives.

Finance Department. The Finance Department is responsible for administering a completely integrated financial function including all responsibility for treasury operations, purchasing, administrative services, payrolls, and financial data processing as well as accounting and budgetary activities.

Human Resources Department. The Department of Human Resources is responsible for the central administration of the City's personnel system, as specified in the Personnel Ordinance. The Director of Human Resources is responsible for labor relations with four of the City's employee labor associations.

Office of the City and Town Clerk. The duties and responsibilities of the Office of the City and Town Clerk are primarily set by State law. There are three major areas of responsibility: the custodianship of the City's land records; administration of elections; and issuance of various licenses, such as sportsman, tradename, liquor and dog licenses. Additionally, the office of the City and Town Clerk retains a record journal for licensed Justices of the Peace and Notary Publics. Meeting notices and agendas for all public boards and commissions are filed and retained in the office, and are available for public viewing.

Office of the General Counsel. The services of the Office of the General Counsel fall into several areas. The duties of the General Counsel include acting as General Counsel for the City, its officers, departments, agencies, boards and commissions, in all matters relating to their official duties. The General Counsel also has the power to resolve or settle any claim by or against the City in the amount of \$5,000 or less. With respect to any claims over \$5,000, the General Counsel has the power to resolve or settle subject to the approval of the Insurance and Claims Committee, which Committee consists of three members of the Common Council. The Office of the General Counsel is also responsible for the Property and Casualty Insurance, Worker's Compensation and Health Insurance and Risk Management programs of the City.

Fire Protection. The City is divided into three fire districts: the Middletown Fire Department (the City's department), the South Fire District and the Westfield Volunteer Fire District. Each operates autonomously under the command of a fire chief with its own administration, Fire Commission, and taxing district. The Middletown Fire Department is the Municipal Fire Department and the Fire Chief works under the direction of the Mayor of the City.

The City's Fire Department, the Middletown Fire Department, is the oldest fire protection organization in the City with origins dating back to 1785. Its mission is to enhance the quality of living in the community by preventing or minimizing injury and loss of life or property from fire or other emergencies that may occur within the City's jurisdictional boundaries.

The Middletown Fire Department is the largest and most active fire department in the City, staffed by 67 sworn firefighters, as well as four civilian staff, who respond to over 4,000 requests annually. The Department, besides providing fire protection, control and extinguishment services, provides various rescue services including vehicle extrication, confined space, dive rescue team, high angle and low angle rope rescue, trench rescue and marine operations. The Department also responds to requests for services involving hazardous materials, and is an EMS first responder. Code enforcement, building plan review, fire protection and education is completed by the Department's Fire Marshal's Office as well as supported by the suppression division. The Department also has a Fire Alarm Division covering the entire City, which monitors and maintains alarms connected directly to the City's alarm system.

The Department operates out of two stations: Headquarters, located at 533 Main Street, which was built in 1899, is a historical landmark and architectural gem in the City's North End; and Station 2, located at 169 Cross Street in the heart of Wesleyan University. The Alarm Division is located at Thomas Street, City Yard.

Police Department. The City Police Department, presently consisting of one hundred and twenty (120) sworn Police Officers, three (3) Animal Control Officers, six (6) school crossing guards and sixteen (16) civilian personnel, is the primary law enforcement agency in the City. The Department, which is located in a 45,000 square foot police facility on Main Street, is dedicated to "Community Policing" and working with City residents, businesses and other agencies in hopes of improving the quality of life for the residents of Middletown.

Police services are delivered through five divisions: Patrol, Administrative, Community Services, Investigative, and Professional Standards. The Patrol Division is comprised of uniformed Police Officers, Mountain Bike Patrol Unit K-9s, ACO's, CIT, Social Workers and Scheduling Clerk. It is responsible for the patrol of the City and is the primary responder to all calls for services. The Administrative Division serves as a support division to the Department and is responsible for the staffing, budgeting, purchasing, and the Records Bureau and IT Department. The Community Services Division is comprised of the Traffic Unit, School Crossing Guards, Emergency Response Team (Regional SWAT), Crisis Negotiations, Motorcycle Unit, Marine Unit, SRO's (School Resource Officers) PAL (Police Activity League), Cadets, DARE, and is responsible for maintaining all equipment and supplies. The Investigative Services Division is made up of the Major Investigations Unit, the Special Investigations Unit, and the Street Crime Unit. This division conducts investigations of major crimes, family issues, narcotics, vice, organized crimes, and other criminal matters. The Professional Standards Division oversees Department personnel matters, including the recruitment process, training, workers' compensation, Internal Affairs and policy review.

Public Works. The Department of Public Works, as required by City Charter, is headed by a director who is charged with the management, care and maintenance of all public buildings, public highways, city vehicles, collection and disposal of refuse and solid waste, permitting of new construction, rehabilitation and restoration of buildings and inspection of all construction in the City in accordance with State building codes.

Water Department. The Middletown Water Department is a self-supporting municipal department providing water service to approximately 90% of the City's population and also services small portions of Middlefield and the Mattabassett District Water Pollution Control Facility ("WPCF") in Cromwell. The Water Department shares a Director with the Sewer Department and has 34 full-time employees. The system consists of three reservoirs, a well field with ten wells, two water treatment plants, pumping stations and facilities, and approximately one hundred eighty miles of water mains. The sources are fully permitted and have ample supply through the year 2040.

The water service budget for the 2025-26 fiscal year is \$7,954,622. The water rate for fiscal year 2025-26 is \$4.06/100 cubic feet. All water use is metered and bills are due and payable on a quarterly and monthly basis:

Billing	Size of Meter	Charge
Quarterly	5/8 inch	\$12.66
	3/4 inch	\$15.82
	1.0 inch	\$34.98
Monthly:	5/8 inch	\$4.22
	3/4 inch	\$5.27
	1.0 inch	\$11.66
	1.5 inches	\$19.27
	2.0 inches	\$26.55
	3.0 inches	\$42.02
	4.0 inches	\$74.12
	6.0 inches	\$135.72
	8.0 inches	\$216.53

The City is working with the Town of Durham and the Environmental Protection Agency (“EPA”) to provide for an excess sale of water to Durham. This project is being funded by the Town of Durham and the EPA and will include a new water storage tank, piping, and opportunities to connect to the existing Durham center water system. This project’s objective is to provide potable water to all properties located within the site wide groundwater study area in Durham. The project is complete.

Sewer Department. The Sewer Department consists of a shared Director with the Water Department and 26 full-time employees. A wastewater treatment facility has been recently decommissioned and the wastewater currently goes to the Mattabassett District via a new inter-municipal pump station and force main. Its operations are financed from direct charges to the users. The daily use is 3.5 million gallons per day and the pump station can handle average daily flows of 6.75 million gallons per day and maximum flows of 26 million gallons per day. The remaining 40% of the City’s sanitary sewage is treated at the Mattabassett Treatment Facility in Cromwell and the sewer users pay for this service based upon the volume treated. The sewer budget for 2025-26 is \$14,472,003.

The sewer rate for fiscal year 2023-24 is \$8.48/100 cubic feet. All sewer use is based on the metered water use and billed on a semi-annual basis for all services up to 1 ½” and on a monthly basis for services 1 ½” and larger.

Mattabassett District. A total of \$55 million has been approved allowing the City to make application to the Connecticut Department of Energy and Environmental Protection for Clean Water Funds (both grant and loans) for a project to regionalize its sewer treatment operation with the Mattabassett District, the fifth largest sewage disposal district in the State that is located in Cromwell, Connecticut. As part of the project and in accordance with Special Act 11-15, the City joined the Mattabassett District as a constituent municipality in March of 2014, after approval by the District and the legislative bodies of the other three constituent municipalities (New Britain, Cromwell and Berlin). As a financial pre-condition to joining the Mattabassett District, a one-time “buy-in” payment of \$13,000,000 was made by the City to the Mattabassett District. The City completed construction of the second phase of this project, a 26 MGD inter-municipal pump station delivering wastewater from Middletown’s downtown area to the Mattabassett District’s facility. The approved funding also allows for select demolition of the current sewer treatment plant that sits on the banks of the Connecticut River, and will allow for constructive reuse and development of the area consistent with the City’s plans for upscale public access, housing and business development.

The Mattabassett District serves the towns of Berlin, Cromwell, Farmington, Middletown, and New Britain, and portions of the Metropolitan District Commission. Middletown pays the District annually each July 1st based upon metered flows, fixed operating costs, and amortization of plant, trunk sewers, and debt. Middletown’s present usage equates to 26.62% of Mattabassett’s capacity, which is also the City’s share of Mattabassett’s annual operating expenses. The City’s share of debt and capital expenses is based upon current reserved plant capacity, which is 31.6%.

The District is empowered to issue bonds and notes in its own name. The District levies its annual assessment upon each member, including the City. The City in turn establishes sewer use rates in an amount sufficient to pay the District annual assessment. In the event a town fails to pay its annual assessment, the District may levy, collect and enforce payment from individual District facility users in such town. The City is not liable for payment of District debt. See “Government Organization-Mattabassett District” and “Overlapping Debt” herein.

An ongoing combined sewer overflow (CSO) project has been commenced by the City with construction to abate a portion of the CSO flowing from the City to Mattabassett District. A final report from a consultant, addressing “concern areas” of existing inflow and infiltration (I/I) was completed in 1999 and construction bid plans and documents were completed in July 2012 to re-line the existing sewer pipes where major problems exist. The first phase of the sewer replacement was completed in 2024 and additional I/I lining work will be completed by the Water Pollution Control Authority. The construction costs for the I/I project are estimated at approximately \$14,000,000 and the additional I/I improvements throughout the City are approximately 30% complete.

Combined Sewer Overflow Separation Projects: In accordance with the requirements of the DEEP (Water Compliance Unit) and the EPA, the City developed a “Facility Plan” issued in June of 1980 and updated in September 1987. The Facility Plan provides cost effective and environmentally acceptable solutions for the Combined Sewer Overflow (“CSO”) problems occurring in Middletown. Both State and Federal agencies approved the Facility Plan recommendations and the City has undertaken the construction of projects, which incorporate the recommendations. A timetable for construction of the CSO projects has been established by mutual agreement between the City and the Connecticut Department of Environmental Protection.

CSO construction includes the installation of new sanitary sewer pipe and manholes, new storm drainpipe manholes and catch basins, rehabilitation of existing sewer pipe and manholes and the separation of private inflow sources. Surface improvement work includes the installation of new granite curb, new concrete sidewalks and driveway aprons, full-depth pavement reconstruction and/or bituminous concrete overlay of existing street pavement, and the installation of street trees.

The City is nearing the end of its CSO construction projects with just three project areas left to be constructed, two of which are currently funded.

Housing Authority. The Housing Authority of the City is a quasi-governmental, non-profit corporation. It manages, owns and operates 491 dwelling units concentrated in complexes throughout the City for low, moderate, elderly, and disabled residents. In addition, the Housing Authority serves as the local administrator for the Section 8 federal rental subsidy program.

Middletown Transit District. The Middletown Transit District provides public transportation throughout the City and the Middletown region which includes Portland, East Hampton, Middlefield, Durham and parts of Meriden and Cromwell. Fixed route bus service operates 6 days a week, Monday through Saturday, with complementary paratransit ADA service. The district also offers Dial-a-Ride services for Elderly/Handicapped to the aforementioned towns excluding Cromwell and Meriden. Transportation at no cost is provided to the Middletown Senior Center for Middletown Elderly Monday through Friday upon reservation. These services are funded by passenger fares and federal, State and local subsidies.

Middletown Transit is the host to the Land Jet Bus Company. Land Jet Bus Company services the Foxwoods Casino and Resort and the Mohegan Sun Casino. The District also provides direct service to AMTRAK at the Meriden Train Station Monday through Saturday and the Westfield Shopping Mall in Meriden on Saturdays. Connections are available to Higganum, Chester, Essex, and Old Saybrook via 9 Town Transit. In addition, connections are available to Wethersfield, Rocky Hill, Hartford, and New Haven via CT Transit.

Solid Waste Disposal. Refuse collection in the City is accomplished by private refuse contractors and by the Sanitation District. The latter is a requirement of the City Charter and the Sanitation District represents approximately 30% of the refuse in the City. The refuse contractors charge each customer for their service, including the collection of recyclables. The Sanitation District is a self-sufficient operation. User fee charges are the basis for paying for the service. Separate bills are mailed out semiannually for refuse collection service in the Sanitation District.

Landfill: The City has a permitted Sanitary Landfill, which has been closed.

Recycling: The City presently has a mandatory recycling program for all State-mandated materials including curbside collection of newspapers, bottles and cans, certain plastic containers and corrugated cardboard. Both private contractors and the Sanitation District collect these materials at the curb. Private refuse contractors must make their own arrangements for refuse and recyclables. The District brings recyclables to a materials recovery facility. Pricing is based on a monthly market index on bids.

Contractors and commercial operations that have the need to dispose of bulky waste on special occasions may dump it at the Recycling Center. The charge for the bulky waste is \$160.00 per ton. The bulky waste is dumped separately and transferred to a private bulky waste site on a when-needed basis. The cost to the City of disposing the bulky waste is \$117.50 per ton.

Residents who show proof of residency and licensed waste haulers may access the Recycling Center to drop-off recyclables at no charge and bulk waste for a fee.

Service Contract - Solid Waste Disposal: The Eastern Connecticut Resource Recovery Authority (the "Authority") is a public body politic and corporate of the State of Connecticut, organized and existing pursuant to Connecticut General Statutes Sec. 7-273aa et seq., and an ordinance adopted by the Common Council of the City on December 10, 1990. The Authority was created for the purpose of developing and implementing a solid waste disposal and resource recovery system, including the acquisition and ownership of a resource recovery facility in Lisbon, Connecticut (the "Facility"). At present, the City is the only member of the Authority; accordingly, the Authority is fiscally dependent and under the City's control. Initially, two series of bonds were issued by the Authority in October of 1993 to finance the construction of the Facility: \$114,110,000 Series 1993A Solid Waste Revenue Bonds and \$14,040,000 Series 1993B Taxable Solid Waste Revenue Bonds (together "Authority Bonds"). The Authority does not have any outstanding bonded debt as of June 30, 2025.

The City currently has a year-by-year Municipal Waste Disposal Agreement (the "Disposal Agreement") with CWPM LLC. ("CWPM") to provide for the disposal of municipal solid waste generated in the City. Under the Disposal Agreement, the City pays a disposal fee (the "Disposal Fee") to CWPM for disposal and transport of its municipal solid waste to landfills out of state. The City expects to deliver the approximately 6200 tons of waste that it collects annually from its Sanitation District and City buildings. The Disposal Fee for the 2025 calendar year is \$118.45 and is set to increase annually at a rate of 3%.

The Authority has entered into a ten-year agreement (the "Service Agreement") with Wheelabrator Lisbon, Inc. (the "Company") to operate the Facility, which is a 500-ton-per-day solid waste disposal, electric power generation and resource recovery facility. The Company, a Delaware corporation, is an indirect, wholly owned subsidiary of Wheelabrator Technologies Inc., Hampton, New Hampshire, which has guaranteed the performance of all of the Company's obligations under the Service Agreement.

The Facility is designed to process 500 tons per day of acceptable waste, generate steam and convert the steam to electricity utilizing a 15-megawatt turbine generator. The Facility has two von Roll mass-burn combustion grate units, utilizing Babcock & Wilcox furnaces with waterwall boilers. Wheelabrator is licensed by von Roll, Ltd. of Zurich, Switzerland to use the von Roll technology in its trash-to-energy facilities and Wheelabrator has used the von Roll design in 11 of its trash-to-energy facilities. The Facility has been commercially operable since January 1, 1996.

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Educational System. The Board of Education is responsible for the City-operated school system of eleven schools (including a senior high school and two middle schools) with an operating capacity of 7,752 (including relocatable classrooms). The following is a listing of school facilities and school enrollments:

School Facilities

School	Grades	Date of Construction (Renovations)	Type of Construction	10/1/2025 Enrollment ¹	Operating Capacity
Bielefield Elementary	PreK-5	1954 (66 & 00)	Steel/Masonry	249	354
Farm Hill Elementary	K-5	1990	Masonry	338	313
Lawrence Elementary	K-5	1972 (05)	Steel/Masonry	308	375
Spencer Elementary	PreK-5	1951 (58 & 89)	Steel/Masonry	237	354
Macdonough Elementary	K-5	1925 (70 & 88)	Steel/Masonry	166	250
Moody Elementary	K-5	1964 (94 & 06)	Steel/Masonry	224	354
Snow Elementary	PreK-5	1998	Steel/Masonry	339	433
Wesley Elementary	K-5	1972 (03)	Steel/Masonry	229	354
Keigwin Annex Middle School	-	1973	Steel/Masonry	19	500
Beman Middle School	6-8	2021	Steel/Masonry	1,012	3,090
Middletown High School ²	9-12	2008	Steel/Masonry	1,151	1,375
Total				4,272	7,752

¹ Excludes out-of-district placement students.

² Includes Vocational Agriculture Center.

Source: City of Middletown, Board of Education.

School Enrollment ¹

Historical

School Year	Pre-K	K-5	6	7-8	9-12	Out of District Placement	Total Enrollment
2016-2017	107	2,326	296	704	1,262	67	4,762
2017-2018	80	2,201	295	625	1,327	54	4,582
2018-2019	94	2,170	388	618	1,351	60	4,681
2019-2020	89	2,163	316	626	1,336	60	4,590
2020-2021	88	2,010	291	641	1,321	62	4,413
2021-2022	130	1,981	322	658	1,298	66	4,455
2022-2023	113	2,128	316	652	1,214	46	4,469
2023-2024	155	1,955	342	643	1,227	59	4,381
2024-2025	236	1,889	315	671	1,242	41	4,394
2025-2026	235	1,861	344	671	1,189	44	4,344

Projected

School Year	Pre-K ²	K-5	6	7-8	9-12	Out of District Placement ³	Total Enrollment
2026-2027	282	1,911	312	702	1,264	-	4,471

¹ Excludes homebound/sent-out students.

² Pre-K enrollment cannot be projected more than one school year into the future.

³ No projections are available for Out-of-district placements.

Source: City of Middletown, Board of Education.

Municipal Employees Full-Time

The City employs full-time persons for general government and education as detailed below. The following table displays the City's employment rolls for the last five fiscal years.

	2025	2024	2023	2022	2021
General Government	476	484	492	476	462
Board of Education	1,162	1,218	1,237	882	908
Total	1,638	1,702	1,729	1,358	1,370

Note: In years prior to 2023, the Board of Education employment count did not include non-bargaining employees.

Source: City of Middletown, Department of Personnel; City of Middletown, Board of Education.

Employee Collective Bargaining Organizations

Nearly all full-time employees are represented by bargaining organizations as follows:

Employees	Board of Education Groups	Positions Covered	Current Contract Expiration Date
Teachers	Middletown Federation of Teachers Local 1381, AFL-CIO	473	6/30/2028
Administrators	Middletown School Administrators Association	32	6/30/2026 ³
Custodians, Secretaries ²	Local 466 of Council No. 4 AFL-CIO	187	6/30/2025 ³
Paraprofessionals	Middletown Federation of Paraprofessionals Local 1361 AFT, AFL-CIO	184	6/30/2029
Managers	UPSEU #6457 ¹	9	6/30/2026
Non-Bargaining Personnel..	N/A	277	N/A
Total Board of Education Employees		1,162	

Employees	Town Groups	Positions Covered	Current Contract Expiration Date
Firefighters	Local 1073 Int. Association of Firefighters AFL-CIO	66	6/30/2027
Police	Police Local 1361 AFSCME AFL-CIO	120	6/30/2025 ³
Public Works	Local 466 of Council No. 4 AFL-CIO	189	6/30/2025 ³
Library Workers	Local 1303 AFSCME, AFL-CIO	34	6/30/2028
Managers	UPSEU #6457 ¹	41	6/30/2025 ³
Non-Bargaining Personnel..	N/A	26	N/A
Total General Government Employees		476	
Total		1,638	

¹ Formerly Middletown Managers & Professional Association & Teamsters.

² Includes Nurses and Cafeteria workers.

³ In Negotiations.

Source: City of Middletown, Department of Personnel; City of Middletown, Board of Education.

Section 7-473c and 7-474 of the Connecticut General Statutes, as amended, provides a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, except certified teachers and administrative personnel.

Section 10-153f of the Connecticut general statutes, as amended, provides a procedure for binding arbitration of collective bargaining agreements between local or regional boards of education and the exclusive representative of a bargaining unit of teachers or administrators.

III. Economic and Demographic Information

Population and Density

Year	Actual Population ¹	% Increase	Density ²
2023 ⁴	47,646	-0.1%	1,111
2020	47,717	0.4%	1,112
2010	47,510	4.3%	1,107
2000	45,563 ³	6.6%	1,062
1990	42,762	9.5%	997
1980	39,040	5.7%	910

¹ 1980 – 2020 U.S. Department of Commerce, Bureau of Census.

² Population per square mile: 42.9 square miles.

³ As a result of the U.S. Census Bureau's Count Question Resolution Program, the U.S. Census Bureau on November 4, 2002 officially corrected the City's Census 2000 population from 43,167 to 45,563, representing an increase of 2,396; however, the census counts used for other Census 2000 data were not officially changed.

⁴ American Community Survey, 2019-2023.

Age Distribution of the Population

Age	City of Middletown		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,802	3.8%	181,240	5.0%
5 to 9 years	2,078	4.4	195,390	5.4
10 to 14 years	2,003	4.2	217,297	6.0
15 to 19 years	2,960	6.2	238,145	6.6
20 to 24 years	5,023	10.5	233,423	6.5
25 to 34 years	7,994	16.8	449,771	12.5
35 to 44 years	5,726	12.0	451,461	12.5
45 to 54 years	5,429	11.4	462,543	12.9
55 to 59 years	3,626	7.6	260,758	7.2
60 to 64 years	3,110	6.5	257,548	7.2
65 to 74 years	4,478	9.4	376,023	10.4
75 to 84 years	2,230	4.7	187,378	5.2
85 years and over.....	1,187	2.5	87,371	2.4
Total.....	47,646	100.0%	3,598,348	100.0%
Median Age (Years).....		39.0		41.2

Source: American Community Survey, 2019-2023.

Income Distribution

Income	City of Middletown		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	358	3.4%	22,973	2.5%
\$10,000 to \$14,999.....	210	2.0	12,547	1.4
\$15,000 to \$24,999.....	317	3.0	29,893	3.3
\$25,000 to \$34,999.....	454	4.3	35,598	3.9
\$35,000 to \$49,999.....	828	7.8	61,793	6.7
\$50,000 to \$74,999.....	1,488	14.1	108,046	11.8
\$75,000 to \$99,999.....	1,399	13.3	108,216	11.8
\$100,000 to \$149,999.....	2,132	20.2	185,242	20.2
\$150,000 to \$199,999.....	1,323	12.5	128,574	14.0
\$200,000 or more.....	2,039	19.3	224,258	24.5
Total.....	10,548	100.0%	917,140	100.0%

Source: American Community Survey, 2019-2023.

Income Levels

	City of Middletown	State of Connecticut
Per Capita Income, 2023.....	\$45,201	\$54,409
Per Capita Income, 2010.....	\$31,850	\$37,627
Per Capita Income, 2000.....	\$25,720	\$28,766
Median Family Income, 2023.....	\$104,736	\$120,011
Percent Below Poverty (Families), 2023.....	7.90%	6.80%

Source: U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey, 2019-2023.

Age Distribution of Housing

Year Built	City of Middletown		State of Connecticut	
	Units	Percent	Units	Percent
2010 or later.....	936	4.2%	72,896	4.7%
2000 to 2009.....	1,818	8.2	108,430	7.1
1990 to 1999.....	2,261	10.2	116,617	7.6
1980 to 1989.....	3,666	16.5	197,533	12.9
1970 to 1979.....	3,556	16.0	210,611	13.7
1940 to 1969.....	4,890	22.1	516,528	33.6
1939 or earlier.....	5,038	22.7	313,434	20.4
Total Housing Units.....	22,165	100.0%	1,536,049	100.0%

Source: American Community Survey, 2019-2023.

Housing Inventory

Type	City of Middletown		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	9,822	44.3%	901,187	58.7%
1-unit, attached.....	1,147	5.2	95,202	6.2
2 units.....	1,988	9.0	118,295	7.7
3 or 4 units.....	1,599	7.2	126,755	8.3
5 to 9 units.....	1,793	8.1	76,750	5.0
10 to 19 units.....	1,762	7.9	55,290	3.6
20 or more units.....	4,026	18.2	150,986	9.8
Mobile home.....	28	0.1	10,967	0.7
Boat, RV, van, etc.....	-	0.0	617	0.0
Total Inventory.....	22,165	100.0%	1,536,049	100.0%

Source: American Community Survey, 2019-2023.

Housing Unit Vacancy Rates

Units	City of Middletown		State of Connecticut	
	Number	Percent	Number	Percent
Occupied housing units	20,838	94.0%	1,420,170	92.5%
Vacant housing units	1,327	6.0	115,879	7.5
Total Housing Units	22,165	100.0%	1,536,049	100.0%
Homeowner vacancy rate	--	1.0	--	0.9
Rental vacancy rate	--	3.8	--	4.6

Source: American Community Survey, 2019-2023.

Owner-Occupied Housing Units

Units	City of Middletown	State of Connecticut
Total owner-occupied units	11,061	939,912
Average household size of owner-occupied units	2.41	2.62
Median number of rooms	1.70	2.16

Source: American Community Survey, 2019-2023.

Specified Owner-Occupied Units

Units	City of Middletown		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	283	2.6%	22,174	2.4%
\$50,000 to \$99,999	177	1.6	15,116	1.6
\$100,000 to \$149,999	642	5.8	38,832	4.1
\$150,000 to \$199,999	1,329	12.0	77,152	8.2
\$200,000 to \$299,999	3,885	35.1	233,824	24.9
\$300,000 to \$499,999	3,980	36.0	319,703	34.0
\$500,000 to \$999,999	683	6.2	173,643	18.5
\$1,000,000 or more	82	0.7	59,468	6.3
Total Inventory.....	11,061	100.0%	939,912	100.0%

Source: American Community Survey, 2019-2023.

Educational Attainment Years of School Completed Age 25 and Over

	City of Middletown		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	639	1.9%	101,530	4.0%
9th to 12th grade, no diploma.....	1,276	3.8	118,019	4.7
High School graduate (includes equivalency)...	9,537	28.2	647,094	25.5
Some college, no degree.....	5,780	17.1	410,591	16.2
Associate degree.....	2,804	8.3	193,216	7.6
Bachelor's degree.....	8,058	23.9	581,935	23.0
Graduate or professional degree.....	5,686	16.8	480,468	19.0
Total.....	33,780	100.0%	2,532,853	100.0%
Total high school graduate or higher (%).....		94.3%		91.3%
Total bachelor's degree or higher (%).....		40.7%		41.9%

Source: American Community Survey, 2019-2023.

Employment Data By Place of Residence

Period	City of Middletown		Percentage Unemployed		
	Employed	Unemployed	City of Middletown	Hartford Labor Market	State of Connecticut
September 2025.....	25,797	1,023	3.8	3.9	3.8
Annual Average					
2024	25,191	929	3.6	3.5	3.5
2023	24,872	963	3.7	3.7	3.7
2022	24,907	1,058	4.1	4.1	4.1
2021	23,108	1,601	6.5	6.6	6.6
2020	24,337	1,735	6.7	7.0	7.3
2019	25,443	951	3.6	3.8	3.7
2018	25,297	1,077	4.1	4.2	4.2
2017	25,081	1,224	4.7	4.8	4.7
2016	24,847	1,374	5.2	5.3	5.3
2015	25,008	1,481	5.6	5.6	5.6

Source: Department of Labor, State of Connecticut.

Employment by Industry
Employed Persons 16 Years of Age and Over

Sector	City of Middletown		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining	200	0.8%	7,261	0.4%
Construction	1,138	4.4	112,821	6.1
Manufacturing	2,863	11.0	195,355	10.6
Wholesale trade	355	1.4	37,294	2.0
Retail trade	2,653	10.2	192,535	10.5
Transportation and warehousing, and utilities	1,570	6.0	84,571	4.6
Information	484	1.9	36,631	2.0
Finance, insurance, real estate, rental & leasing	1,532	5.9	162,724	8.9
Professional, scientific, management, administrative, and waste mgmt services	2,831	10.9	223,982	12.2
Education, health and social services	8,087	31.1	490,839	26.7
Arts, entertainment, recreation, accommodation and food services	2,191	8.4	145,445	7.9
Other services (except public administration)	939	3.6	78,662	4.3
Public Administration	1,158	4.5	67,335	3.7
Total Labor Force, Employed	26,001	100.0%	1,835,455	100.0%

Source: American Community Survey, 2019-2023.

Major Employers
As of November 2025

Employer	Type of Business	Estimated Number of Employees
Middlesex Health System ¹	Private Hospital	3,749
Pratt & Whitney/Raytheon Technologies	Aircraft Engines	2,300
Connecticut Valley Hospital	State Hospital	1,669
City of Middletown	Municipal Government	1,638
FedEx Ground Package System Inc.	Delivery Service	1,561
Wesleyan University	Higher Education	1,200
Middletown Board of Education	Board of Education	1,067
Liberty Bank	Financial Institution	507
Jarvis Products	Manufacturing	279
Kaman Aerospace Corporation	Electronics Systems	237
Total.....		14,207

¹ Includes Middlesex Hospital and all related affiliates located in the City under the Middlesex Health System umbrella.

Sources: Middletown Chamber of Commerce; City of Middletown, Personnel Department and Board of Education.

**Commute to Work
16 Years of Age and Over**

Category	City of Middletown		State of Connecticut	
	Number	Percent	Number	Percent
Car, truck, or van - drove alone	17,975	70.3%	1,271,480	70.6%
Car, truck, or van - carpooled	1,560	6.1	138,268	7.7
Public transportation (including taxicab) ...	327	1.3	61,239	3.4
Walked	1,443	5.6	44,756	2.5
Other means	697	2.7	26,695	1.5
Worked at home	3,574	14.0	258,466	14.4
Total	25,576	100.0%	1,800,904	100.0%

Source: American Community Survey, 2019-2023.

Building Permits

Fiscal Year Ended	Residential		Commercial & Industrial		Total	
	No.	Amount	No.	Amount	No.	Amount
2025	2,041	\$ 42,500,363	274	\$ 34,006,955	2,315	\$ 76,507,318
2024	2,023	42,581,671	306	72,617,504	2,329	115,199,175
2023	2,274	77,450,655	282	144,582,579 ¹	2,556	222,033,234
2022	1,878	36,070,379	284	42,790,549	2,162	78,860,928
2021	1,932	29,483,454	265	63,952,168	2,197	93,435,622
2020	1,591	39,953,439	286	68,943,847	1,877	108,897,286
2019	1,516	25,542,968	312	40,743,102	1,828	66,286,070
2018	1,299	18,989,585	303	77,049,654	1,602	96,039,239
2017	1,240	19,810,930	305	74,500,938	1,545	94,311,868
2016	1,472	34,036,321	275	188,715,378 ²	1,747	222,751,699

¹ Increase due to new science center being built at Wesleyan University.

² \$160 million is due to FedEx site improvements.

Source: City of Middletown, Building Department

Land Use Summary

Developed			Undeveloped		
Land Use Category	Acres	%	Land Use Category	Acres	%
Residential	8,301	66.5	Agriculture	842	7.6
Commercial	724	5.8	Woodland/Vacant	10,147	91.4
Industrial	898	7.2	Parks/Open Space	111	1.0
Other	2,557	20.5	Other	-	-
Total Area	12,480	100.0	Total Area	11,100	100.0

Source: City of Middletown, Planning and Zoning Department.

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IV. Revenue and Tax Policy

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion onto the Grand List is the responsibility of the Tax Assessor. The Grand List represents the total of assessed values for all taxable and tax exempt real estate, taxable personal property and motor vehicles located within the City on October 1st. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. The City completed a revaluation of all real estate, both taxable and exempt, for the October 1, 2022 Grand List.

Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value.

Section 12-62 of the Connecticut General Statutes establishes the revaluation cycle for Connecticut municipalities. The law requires a revaluation every five years and a general revaluation based on physical observation where the preceding revaluation in the five year cycle was a statistical revaluation. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase in must be implemented in less than five assessment years.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

Section 12-71e(a) of the Connecticut General Statutes (the "General Statutes") has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 12-71e(b) of the Connecticut General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. The City's mill rate for motor vehicles for the assessment year commencing October 1, 2024 (the Fiscal Year June 30, 2026) is 31.70 mills. Section 4-661 of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An Assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. At the discretion of the City and for the convenience of the taxpayer, tax bills are payable in two installments - July and January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by including a modest estimate for prior year's delinquent taxes when computing anticipated property tax revenue from the current levy. A modest estimate for interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least twice a year, with interest charged at the rate of 1½ percent per month. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year in June, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Comparative Assessed Valuations
Last 10 Years
(000s)

Grand List as of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List (000s)	Exemptions Veterans Relief and Elderly	Net Taxable Grand List (000s)	Percent Growth
2024	47.9	25.8	1.1	17.7	7.6	\$ 5,188,432	\$ 434,917	\$ 4,753,515	-0.31%
2023	47.5	25.8	1.3	17.4	8.0	5,201,665	433,506	4,768,159	2.91%
2022 ¹	47.8	25.7	1.4	8.4	16.7	5,160,185	526,865	4,633,320	24.90%
2021	43.3	26.8	1.4	18.9	9.7	4,118,303	408,596	3,709,707	3.18%
2020	44.7	27.4	1.1	18.9	7.9	3,960,749	365,285	3,595,464	1.24%
2019	45.1	27.9	0.9	18.5	7.6	3,907,368	356,081	3,551,287	2.49%
2018	46.1	28.4	1.0	17.0	7.6	3,806,928	341,874	3,465,054	0.44%
2017 ¹	47.4	27.9	0.9	16.1	7.7	3,694,257	244,465	3,449,792	3.46%
2016	49.5	24.6	1.1	16.8	8.0	3,564,056	229,624	3,334,432	0.15%
2015	49.8	24.4	1.2	16.6	8.0	3,534,691	205,407	3,329,284	1.02%

¹ Revaluation.

Source: City of Middletown, Assessor's Office.

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Exempt Property Assessed Value

Public	As of 10/1/24 ¹
Federal	\$ 17,946,070
City of Middletown	495,698,850
State of Connecticut	542,147,770
Volunteer Fire Companies	4,429,670
Sub-Total Public	\$ 1,060,222,360
Private	
Scientific, Educational, Historical, Charitable	\$ 37,180,970
Cemeteries	2,619,470
Church, Relig School & Parishes	171,541,830
Middlesex Memorial Hospital	289,996,500
Weslyan University	688,790,000
Healthcare	12,655,070
Sub-Total Private	1,202,783,840
Total Exempt Property	\$ 2,263,006,200
Percent Net Taxable Grand List	47.61%

¹ Net Taxable Grand List October 1, 2024 of \$4,753,515,000.

Source: City of Middletown, Assessor's Office.

Principal Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Eversource	Utility	\$ 236,648,120	4.98%
FedEx Ground Package System Inc.	Delivery Service	152,602,060	3.21%
Kleen Energy Systems LLC.....	Utility	67,523,980	1.42%
Aetna Life	Insurance	66,819,180	1.41%
United Technologies	Manufacturing	62,024,810	1.30%
Northwood Apt Assoc LLC.....	Apartments	39,085,310	0.82%
Chestnut Hill Apt Assoc LLC.....	Apartments	37,810,020	0.80%
Windshire Holdings LLC.....	Apartments	29,281,780	0.62%
JSIP Middletown Brooke LLC.....	Apartments	28,869,090	0.61%
JSIP Middletown Ridge LLC	Apartments	28,249,500	0.59%
Total		\$ 748,913,850	15.75%

¹ Net Taxable Grand List October 1, 2024 of \$4,753,515,000.

Source: City of Middletown, Assessor's Office.

Property Tax Levies and Collections

Grand List Year	Fiscal Year Ending 6/30	Net Taxable		Total Adjusted Tax Levy ²	Uncollected			
		Grand List (000's)	Mill Rate ¹		End of Each Fiscal Year	%	As of 6/30/2025 ⁴	%
2024 ⁴	2026	\$ 4,753,515	31.70	\$ 150,780,933	<i>IN COLLECTION</i>			
2023 ⁴	2025	4,768,159	30.10	144,575,566	\$ 2,800,094	1.94	\$ 2,800,094	1.94
2022 ³	2024	4,633,320	28.30	130,435,842	3,398,000	2.61	1,696,846	1.30
2021	2023	3,709,707	35.70	132,898,339	3,615,902	2.72	1,250,953	0.94
2020	2022	3,595,464	35.70	129,794,437	3,355,166	2.58	834,958	0.64
2019	2021	3,551,287	35.80	127,933,108	3,171,359	2.48	679,578	0.53
2018	2020	3,465,054	36.00	124,741,944	3,299,693	2.65	611,166	0.49
2017 ³	2019	3,449,792	34.80	120,052,762	2,656,236	2.21	500,233	0.42
2016	2018	3,334,432	33.90	113,037,245	3,058,524	2.71	455,306	0.40
2015	2017	3,329,284	33.30	110,865,157	2,787,255	2.51	268,207	0.24

¹ Excluding Fire District.

² Taxes due for the fiscal year are levied on the Grand List of October 1, payable in two installments, the first on July 1 and the second on the ensuing January 1. If an installment is not paid by the first day of the following month, the tax becomes delinquent and a penalty of 1 1/2 % per month (18% per annum) is charged from the due date.

³ Revaluation

⁴ Subject to audit.

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V. Debt Summary
Principal Amount of Bonded Indebtedness
As of December 30, 2025
(Pro Forma)

Year	Purpose	Amount Outstanding ¹
2015	General Purpose.....	2,284,000
2015	School.....	246,000
2015	Sewer.....	299,000
2015	Water (Special Revenue Fund).....	401,000
2016	General Purpose.....	1,400,000
2017	General Purpose.....	5,698,800
2017	School.....	1,200
2018	General Purpose.....	3,865,000
2018	School.....	135,000
2019	General Purpose.....	6,879,763
2019	School.....	1,350,000
2019	Sewer.....	543,708
2019	Water (Special Revenue Fund).....	226,530
2020	General Purpose	4,806,000
2020	School	5,430,000
2020	Sewer.....	990,000
2020	Water (Special Revenue Funds)	474,000
2021	State of Connecticut CWF Loan - 696-C ²	17,215,588
2021	General Purpose	9,954,000
2021	School	16,842,000
2021	Sewer.....	2,555,000
2021	Water (Special Revenue Funds)	1,449,000
2021	Refunding of State CWF Loans - General Purpose - Series B.....	575,000
2021	Refunding of State CWF Loans - Sewer - Series B.....	6,255,000
2021	State of Connecticut CWF Loan - 220-CSL ²	1,291,334
2022	General Purpose	9,955,000
2022	School	800,000
2022	Sewer.....	1,645,000
2022	Water.....	480,000
2023	General Purpose	21,094,000
2023	School	954,000
2023	Sewer.....	1,452,000
2023	Water.....	1,700,000
Sub-Total Long-Term Principal Bonded Debt.....		\$ 129,246,922
<u>THIS ISSUE</u>		
2025	General Purpose	\$ 20,943,448
2025	School	5,281,152
2025	Sewer.....	3,449,180
2025	Water.....	326,220
Sub-Total Bonds of This Issue.....		\$ 30,000,000
Grand Total - All Debt.....		\$ 159,246,922

¹ Excludes any underlying or overlapping debt.

² Debt service associated with this issue is paid by the sewer fund and considered "self-supporting".

Clean Water Fund Program

The City is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 *et seq.*, as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects, which are financed with a 50% grant and a 50% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (an "Interim Funding Obligation"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable: (1) in monthly installments commencing one month after the scheduled completion date; or (2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Project Loan Agreement, the first year's date, and thereafter in monthly installments. Monthly installments may be level debt service or level principal payments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments, and Borrowers may prepay their loans at any time prior to maturity without penalty.

The City has the following Clean Water Fund loan obligations still outstanding:

Project	Original 2% Loan Amount	2% Permanent Loan Outstanding As of 12/30/25
CWF 696-C ¹	\$ 24,530,555	\$ 17,215,588
CWF 220-CSL ¹	2,039,078	1,291,334
Total	\$ 26,569,633	\$ 18,506,922

¹ Debt service associated with this issue is paid by the sewer fund and considered "self-supporting".

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996 (the "Current Program").

For all projects approved prior to July 1, 1996, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for the portion of principal and interest costs representing grant eligible school construction project costs.

Under the Current Program, the State of Connecticut makes proportional progress payments for eligible construction costs during project construction. The State grant is paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs, as detailed below:

Projects Approved After July 1, 1996	Total Project Costs Authorized	State Reimbursement Rate	Grants for Eligible Costs (estimated)
Woodrow Wilson Middle School.....	\$ 87,350,000	56.43%	\$ 49,291,605
Macdonough School.....	48,900,000	81.07%	39,643,230

**Other Obligations
As of December 30, 2025
(Pro-Forma)**

As of December 30, 2025, the City does not have any outstanding long-term leases.

Overlapping/Underlying Debt

Overlapping Debt

The City, along with the City of New Britain and the Towns of Berlin and Cromwell, is a member of the Mattabassett District, which was organized under a Special Act of the 1961 Session of the Connecticut General Assembly. The constituent municipalities approved the District's charter dated May 1963. The function of the District is to operate and maintain a water pollution control system, and it is governed by a District Board composed of twelve members appointed by the constituent municipalities. Currently, the Mattabassett District has completed a major construction upgrade for nitrogen removal, increased capacity to accommodate increased flows from the City of Middletown and related improvements to meet EPA and DEEP nitrogen removal requirements as well as the EPA's sewage sludge incinerator emissions requirements and odor control enhancements. The three-year construction project began in the summer of 2012 and was substantially completed by June 30, 2015. As of June 30, 2025, the District has two 20 year 2% Clean Water Fund loans outstanding in the amount of \$34,772,560 to finance its sewage treatment plant and construction upgrade. It is estimated that based on future treatment plant reserve capacity, the City's annual assessment from the District will include 31.56% of the Clean Water fund Debt Service which equals \$10,974,220 as of June 30, 2025. The District began loan payments for the Project Loan Obligation in December 2015. This has been factored into the City's assessment and will continue for future fiscal years.

See "Clean Water Fund Program," "Summary of Municipal Services," and "Water and Sewers" herein.

**Mattabassett District
Statement of Overlapping Debt
As of June 30, 2025**

Net Overlapping Debt for All Member Towns	\$34,772,560 ¹
Middletown's Percent of Overlapping Debt	31.56%
Middletown's Share of Overlapping Debt	<u>\$10,974,220</u>

¹ June 30, 2025 Annual Financial Report, Mattabassett District.

Underlying Debt

The City reports the South Fire District, Westfield Fire District and Central City as underlying debt. The fire districts are separate and distinct organizations operating under State statutes, each district responsible for funding its respective operating and capital budgets, setting tax rates, and authorizing and servicing its debt obligations. As of December 30, 2025, none of the districts have any debt outstanding.

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General Fund Annual Bonded Debt Maturity Schedule
As of December 30, 2025
(Pro Forma)

Fiscal Year Ended 6/30	Existing Debt ^{1,2}			Pro-forma				Cumulative Principal Retired (%)	
	Principal	Interest	Total	This Issue:			Total		
				General Purp.	Schools	Sewer	Total		
2026	\$ 19,193,575	\$ 2,746,966	\$ 21,940,542	\$ -	\$ -	\$ -	\$ -	\$ 19,193,575	12.4%
2027	17,605,919	4,507,575	22,113,494	2,092,948	529,152	344,180	2,966,280	20,572,199	25.8%
2028	16,920,919	3,700,316	20,621,235	2,094,500	528,000	345,000	2,967,500	19,888,419	38.7%
2029	15,035,919	2,913,307	17,949,226	2,094,500	528,000	345,000	2,967,500	18,003,419	50.4%
2030	14,055,919	2,201,423	16,257,342	2,094,500	528,000	345,000	2,967,500	17,023,419	61.4%
2031	12,316,225	1,568,489	13,884,714	2,094,500	528,000	345,000	2,967,500	15,283,725	71.3%
2032	10,460,225	1,026,340	11,486,565	2,094,500	528,000	345,000	2,967,500	13,427,725	80.0%
2033	6,212,225	575,140	6,787,365	2,094,500	528,000	345,000	2,967,500	9,179,725	86.0%
2034	4,657,225	331,216	4,988,441	2,094,500	528,000	345,000	2,967,500	7,624,725	90.9%
2035	2,062,225	164,416	2,226,641	2,094,500	528,000	345,000	2,967,500	5,029,725	94.2%
2036	1,747,225	109,592	1,856,817	2,094,500	528,000	345,000	2,967,500	4,714,725	97.2%
2037	1,347,225	72,642	1,419,868	-	-	-	-	1,347,225	98.1%
2038	1,347,225	45,693	1,392,918	-	-	-	-	1,347,225	99.0%
2039	1,347,225	18,744	1,365,969	-	-	-	-	1,347,225	99.9%
2040	192,521	1,417	193,938	-	-	-	-	192,521	100.0%
2041	14,591	36	14,628	-	-	-	-	14,591	100.0%
Total	\$ 124,516,392	\$ 19,983,312	\$ 144,499,704	\$ 20,943,448	\$ 5,281,152	\$ 3,449,180	\$ 29,673,780	\$ 154,190,172	

¹ Excludes principal payments of \$2,203,650 and interest payments of \$2,935,569 made between July 1, 2025 and December 30, 2025.

² Includes State Clean Water Fund loans but excludes any capital leases and self-supporting water debt. See "Special Revenue Funds Self-Supporting Debt" below.

Note: All sewer bonds issued by the City of Middletown for sewer projects (including loans issued under the State of Connecticut Clean Water Fund Program) are paid by the General Fund. Bond ordinances approved by the City indicate that the bonds shall be general obligations of the City and that the full faith and credit of the City is pledged towards the payment of principal and interest on the bonds.

Special Revenue Funds Self-Supporting Debt
As of December 30, 2025
(Pro Forma)

Fiscal Year Ending 6/30	Water Fund			Pro-Forma		Cumulative % of Principal Retired (Pro Forma)
	Principal	Interest	Total	This Issue:	Total	
				Water	Principal	
2026	\$ 982,306	\$ 113,563	\$ 1,095,869	\$ -	\$ 982,306	19.4%
2027	581,306	178,011	759,317	33,720	615,026	31.6%
2028	581,306	148,946	730,252	32,500	613,806	43.7%
2029	581,306	119,881	701,187	32,500	613,806	55.9%
2030	581,306	90,815	672,121	32,500	613,806	68.0%
2031	536,000	63,650	599,650	32,500	568,500	79.2%
2032	457,000	38,750	495,750	32,500	489,500	88.9%
2033	245,000	17,800	262,800	32,500	277,500	94.4%
2034	185,000	7,400	192,400	32,500	217,500	98.7%
2035	-	-	-	32,500	32,500	99.4%
2036	-	-	-	32,500	32,500	100.0%
Total	\$ 4,730,530	\$ 778,816	\$ 5,509,346	\$ 326,220	\$ 5,056,750	

¹ Excludes interest payments of \$113,563 made between July 1, 2025 and December 30, 2025.

Debt Statement
Principal Only
As of December 30, 2025
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes This Issue).....	\$ 87,455,011
Schools (Includes This Issue).....	31,039,352
Sewers (Includes This Issue).....	35,695,809
Water (Includes This Issue).....	5,056,750
Total Long-Term Debt	159,246,922
Short-Term Debt	-
Total Direct Debt	159,246,922
Overlapping/Underlying Debt	10,974,220
Total Overall Debt	170,221,142
Less: Special Revenue Fund - Self-Supporting Water Bonds	(5,056,750)
Total Overall Net Debt	\$ 165,164,392

Note: Excludes capital lease.

Current Debt Ratios
As of December 30, 2025
(Pro Forma)

Population ²	47,646
Net Taxable Grand List (10/1/24)	\$4,753,515,000
Estimated Full Value (70%)	\$6,790,735,714
Equalized Net Taxable Grand List (10/1/23) ¹	\$8,173,422,089
Income per Capita (2000) ²	\$25,720
Income per Capita (2010) ²	\$31,850
Income per Capita (2023) ³	\$45,201

	Total	Total Overall
	Overall Debt:	Net Debt:
	\$170,221,142	\$165,164,392
Per Capita	\$3,572.62	\$3,466.49
Ratio to Net Taxable Grand List	3.58%	3.47%
Ratio to Estimated Full Value	2.51%	2.43%
Ratio to Equalized Grand List	2.08%	2.02%
Debt per Capita to Income per Capita 2000	13.89%	13.48%
Debt per Capita to Income per Capita 2010	11.22%	10.88%
Debt per Capita to Income per Capita 2023	7.90%	7.67%

¹ Office of Policy and Management, State of Connecticut.

² U.S. Department of Commerce Bureau of the Census.

³ American Community Survey, 2019-2023.

Maturities

General obligation bonds (serial and term), with the exception of refunding bonds, are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, shall be due not later than thirty years from the date of their issuance.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school construction projects) of the estimated net project cost (CGS Sec. 7-378a), subject to the exception set forth in C.G.S. Sec. 10-287f. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Sewer notes issued in anticipation of State and/or federal grants may be funded beyond ten years from the initial borrowing if a written commitment exists for such State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15th of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds, which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “Base,”) are defined as total tax collections (including interest and penalties) and state payments for revenue losses under Sections 12-129d and 7-528 of the Connecticut General Statutes. In no case shall total indebtedness exceed seven times the Base.

The statutes also provide for exclusion from the debt limit calculation of debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires, and pipes; for the construction of underground conduits for cables, wires, and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from state or federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds.

Statement of Statutory Debt Limitation
As of December 30, 2025
(Pro Forma)

Total Tax Collections (Including interest and lien fees received by the Tax Collector for the year ended

June 30, 2025 ⁴ (taxes are levied for General Fund, Fire District and Special Parking District)..... \$ 163,713,450

Reimbursement for Revenue Loss On:

Tax Relief for Disabled, Freeze and Owners' Program..... -

Base for Debt Limitation Computation..... \$ 163,713,450

Debt Limitation:	General Purpose	Schools	Sewers	Urban Renewal	Past Pension
2 ¹ / ₄ times base	\$ 368,355,263	-	-	-	-
4 ¹ / ₂ times base	-	\$ 736,710,525	-	-	-
3 ³ / ₄ times base	-	-	\$ 613,925,438	-	-
3 ¹ / ₄ times base	-	-	-	\$ 532,068,713	-
3 times base	-	-	-	-	\$ 491,140,350
Total Debt Limitation	<u>\$ 368,355,263</u>	<u>\$ 736,710,525</u>	<u>\$ 613,925,438</u>	<u>\$ 532,068,713</u>	<u>\$ 491,140,350</u>
Less Indebtedness: ¹					
Outstanding Bonds	66,511,563	25,758,200	32,246,629	-	-
Bonds: This Issue	20,943,448	5,281,152	3,449,180	-	-
CWF Program Short Term Loan (IFO).....	-	-	-	-	-
Underlying/Overlapping Debt ³	-	-	10,974,220	-	-
Authorized But Unissued Debt	76,302,684	17,274,413	7,873,692	-	-
Total Indebtedness	<u>163,757,695</u>	<u>48,313,765</u>	<u>54,543,721</u>	<u>-</u>	<u>-</u>
Less: School Grants Receivable ²	-	-	-	-	-
Open Space Grant Commitment	-	-	-	-	-
Net Debt for Calculation of Debt Limitation.....	<u>163,757,695</u>	<u>48,313,765</u>	<u>54,543,721</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding And Authorized Debt	<u>\$ 204,597,568</u>	<u>\$ 688,396,760</u>	<u>\$ 559,381,716</u>	<u>\$ 532,068,713</u>	<u>\$ 491,140,350</u>

¹ Excludes \$4,730,530 total principal amount of water bonds outstanding as of December 30, 2025 that is excludable from debt limit calculations per Connecticut General Statutes. Also excludes \$326,220 of water bonds in this issue and \$10,337,263 of authorized but unissued water debt.

² The State of Connecticut Bureau of School Building Grants will reimburse the City for eligible principal and interest costs over the life of any bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only. See "School Projects" herein.

³ Based on City's 31.56% share of Mattabassett Districts currently outstanding CWF project funding.

⁴ Subject to Audit.

Note: In no case shall total indebtedness exceed seven times the annual receipts from taxation or \$1,145,994,150.

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Authorized but Unissued Debt
As of December 30, 2025
(Pro Forma)

Project	Amount Authorized	This Issue: Bonds	Authorized But Unissued Debt
CSO & Surface Improvements 2001 ¹	\$ 9,900,000	\$ 385,000	\$ 124,518
CSO Surface Improvements 2007 ²	8,620,000	350,000	91,313
Route 66, Westfield, Water & Sewer Improvements	4,500,000	25,500	268,062
John Roth Water Treatment Plant (2010)	310,000	7,000	112,256
2011 Road Bond	14,170,000	260,000	160,100
Parking Security	600,000	26,500	5,888
Road Bond-2013	15,200,000	260,000	358,669
City security	750,000	18,250	10,300
Parks - 2015	33,450,000	3,529,750	4,891,025
Firing Range - 2015	750,000	37,000	1,750
Bullet trap system firearms facility-2016	750,000	37,000	4,450
W&S Main St, Columbus, Mazzotta, Erin St-2016	4,255,000	63,000	800,500
Central Communications System-2016	12,100,000	275,000	294,965
Middle School-2017 ³	87,350,000	-	370,395
Wells Replacement-2018	1,800,000	39,000	198,850
Road Bond-2018	16,350,000	4,000,000	1,549,781
Open Space 2019	5,000,000	159,500	1,368,000
Sidewalks 2019	500,000	38,900	15,600
IT Systems & Devices 2019	446,000	17,500	6,000
21st Century Infrastructure Development 2020	55,000,000	11,000,000	22,974,660
Sidewalks-2021	500,000	50,500	2,000
Farm Hill School Roof Replacement-2021	250,000	-	250,000
Water and Sewer Improvements 2022	19,900,000	8,251,800	11,558,200
W&S Red Road Sewer Pump Station 2023	750,000	745,000	2,300
Water&Sewer Johnson St sewer pump station 2024	750,000	-	750,000
Water&Sewer John Roth filter upgrades water plant 2024	750,000	-	750,000
Water&Sewer lead water service line inventory 2024 ⁴	390,500	11,800	23,700
Water&Sewer John Roth equipment upgrades 2024	450,000	220,000	230,000
Water&Sewer Newfield St sewer pump replacement 2024	500,000	126,000	374,000
911 Center 2024	10,000,000	49,000	9,951,000
Macdonough School 2024 ⁵	48,900,000	-	9,256,770
Bartholomew booster pump station 2025	2,550,000	17,000	2,533,000
Public Works Infrastructure Improvements 2025	33,000,000	-	33,000,000
Water&Sewer Improvements 2025	9,500,000	-	9,500,000
Totals	\$ 399,991,500	\$ 30,000,000	\$ 111,788,052

¹ The City expects to receive \$4,774,000 in financial assistance from the State of Connecticut through a combination of a 20% grant and a 80% loan.

² The City expects to receive \$2,287,000 in financial assistance from the State of Connecticut.

³ The City expects to receive approximately \$49,292,000 in financial assistance from the State of Connecticut.

⁴ The City expects to receive approximately \$355,000 in financial assistance from the State of Connecticut.

⁵ The City expects to receive approximately 81.07% in financial assistance from the State of Connecticut.

**Ratio of Annual Debt Service Expenditures
to Total General Government Expenditures**

Fiscal Year Ended 6/30	Total Debt Service (000's)	Total Governmental Expenditures (000's)	Ratio of Total Debt Service Expenditures To Total Governmental Expenditures
2025	\$28,291	\$312,516	9.05%
2024	28,747	308,491	9.32%
2023	27,244	290,100	9.39%
2022	23,582	285,979	8.25%
2021	22,560	308,172	7.32%
2020	17,337	276,273	6.28%
2019	17,164	251,627	6.82%
2018	18,115	250,043	7.24%
2017	16,127	238,678	6.76%
2016	14,749	226,367	6.52%

Note: "Total Governmental Expenditures" are derived by summing the expenditures from all governmental fund types.

Source: Annual Financial Reports, City of Middletown. 2025 from Finance Department.

Ratios of Net Long-Term Debt to Valuation, Population and Income

Fiscal Year Ended 6/30	Grand List 10/1	Net Assessed Value (000's)	Estimated Full Value (000's)	Net Long- Term Debt (000's)¹	Ratio of Net Long- Term Debt to Assessed Value	Ratio of Net Long- Term Debt to Estimated Actual Value	Population²	Ratio of Net Long-Term Debt per Capita to Income³
2025 ⁴	2023	\$ 4,768,159	\$ 6,811,656	\$ 130,468	2.74%	1.92%	47,646	\$ 2,738
2024	2022	4,633,320	6,619,029	152,045	3.28%	2.30%	47,646	3,191
2023	2021	3,709,707	5,299,581	145,588	3.92%	2.75%	47,646	3,056
2022	2020	3,595,464	5,136,377	165,500	4.60%	3.22%	47,646	3,474
2021	2019	3,551,287	5,073,267	166,004	4.67%	3.27%	47,646	3,484

¹ Long-Term debt less school building construction grants receivable.

² American Community Survey, 2019-2023.

³ American Community Survey, 2019-2023 Income Per Capita \$45,201.

⁴ Subject to Audit.

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VI. Financial Administration

Audit

The City, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Common Council, is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2025, the financial statements of the various funds of the City are being audited by CliftonLarsonAllen LLP of West Hartford, Connecticut.

Accounting and Budgetary Basis

By Charter, the responsibility for the financial function in Middletown rests with the Director of Finance & Revenue Services. The Director of Finance & Revenue Services administers a broad and integral fiscal operation consisting of treasury management, budget formulation and execution (including grants administration), appropriation and general accounting, revenue collections, electronic data processing, materials administration and purchasing management. Under the Charter, the Mayor is required to present his annual fiscal budget to the Common Council by April 1 of each year. The Common Council has the power to add, delete, increase or decrease any item in the Mayor's proposed budget and is required to adopt a budget by May 15 of each year.

The City's accounting records for general governmental operations are maintained on a modified accrual basis with all revenues being recorded when they become available and measurable and expenditures being recorded when incurred utilizing the encumbrance method. Property taxes are carried as a receivable and shown as an asset on the general fund balance sheet. Budgetary control is maintained on a full encumbrance system: all proposed expenditures require a purchase requisition and purchase order, and funds are recorded as encumbered when the purchase order is issued. Expenditures are recorded upon issuance of a check drawn upon the City. Each purchase order and voucher for personal services (wages and salaries) is subject to a pre-audit for funds' availability, and commitments which exceed appropriation balances, as defined by the City Charter and Common Council ordinance, are not processed until transfers or supplemental appropriations are made available. Encumbrances outstanding at year-end are reported as reservation of fund balance since they do not constitute expenditures or liabilities.

Appropriations for each department are enacted by ordinance based upon a broad character of expenditure breakdown (personal services, non-personal expense, capital outlay, sundry expense). Although the budget is prepared and appropriation accounting exercised on an activity, sub-activity, and detailed line-item basis within each department, it exactly parallels the appropriation accounting structure utilized throughout the fiscal year.

Liability Insurance

The City maintains liability insurance coverage, as listed below:

General Liability \$3,000,000 general aggregate -- \$1,000,000 each occurrence; Automobile Liability \$1,000,000 each occurrence; Uninsured/Underinsured Motorist Coverage \$50,000 each occurrence. No deductible applies to this coverage.

Automobile Physical Damage, subject to a \$25,000 deductible.

Employee Benefits Liability (claims made) \$1,000,000 each claim/aggregate, subject to a \$1,000 deductible.

Law Enforcement Liability with a limit each wrongful act/aggregate of \$1,000,000, subject to a \$50,000 deductible.

School Leaders Legal (claims made) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

Public Officials Liability (claims made) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

Personal injury & Advertising Injury (claims made) coverage for \$1,000,000.

Medical Payments (claims made) for bodily injury sustained on premises owned or rented by the City up to \$10,000 regardless of fault.

Excess Liability (excess over General Liability, Automobile Liability, Employee Benefits Liability, Law Enforcement Liability, School Leaders Legal, and Public Officials Liability) with a limit of \$25,000,000 each occurrence and aggregate (where applicable).

Pollution Liability with a limit of \$1,000,000, subject to a deductible of \$75,000.

Cyber Liability with a limit of \$5,000,000 with a \$50,000 retention.

The City further maintains the required bond for the Tax Collector.

The City further maintains the required bond for the Superintendent of Highways.

Workers' Compensation Insurance

The City self-insures its Workers' Compensation Program, which is comprised of two parts: third party claims administration and managed medical care, both of which are administered by an outside vendor hired by the City.

Workers' Compensation and Employers' Liability coverage (amounts not rounded), subject to a self-insured retention per occurrence of \$750,000 for Police and Fire and \$650,000 for all other employees with maximum limit of indemnity per occurrence statutory and \$1,000,000 Employers Liability.

Investment Policy for Operating Funds

The City's investment policy applies to all investment activities of the City except for the employee retirement system funds, which are organized and administered separately. All City funds under the control of the Director of Finance & Revenue Services, including the General Fund, Special Revenue Funds, Capital Projects Fund, Trust and Agency Funds, and other funds that may be created from time to time, are administered in accordance with the provisions of the investment policy.

Management responsibility for the investment program is vested in the Director of Finance & Revenue Services who is responsible for all transactions undertaken and has established a system of controls to regulate the activities of subordinate officials. The standard of prudence used by investment officials is that of the "prudent person" and is applied in the context of managing an overall portfolio.

The Director of Finance & Revenue Services prepares a periodic investment report that summarizes and describes the portfolio in terms of investment securities, maturities, risk characteristics and other features. Funds may be invested in: (a) U.S. Treasury bills; (b) Treasury notes or bonds maturing within one year; (c) certificates of deposit of bank and savings and loan associations maturing within one year; (d) repurchase agreements collateralized by U.S. Treasury securities; and (e) the State Short Term Investment Fund (STIF). Invested funds are diversified to eliminate the risk of loss resulting from the over-concentration of funds in a specific maturity, or a specific issuer.

City funds not under the direct control of the Director of Finance & Revenue Services are the responsibility of the director or head of that department until such time the funds are transferred and collected, disbursed, or maintained for which the fund has been established. The director or head of the department has established written procedures for the control of these funds.

In addition, the City monitors the risk based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, for which it places deposits or makes investments.

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes, Section 7-400 and 7-402. Please refer to Notes to the Financial Statements, Note 4 entitled "Cash, Cash Equivalents and Investments" regarding the City's cash and cash equivalent investments at June 30, 2024.

Other Post-Employment Benefits

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The City does not issue separate stand-alone financial statements for the plan.

The City currently pays for post-employment health care benefits on a pay-as-you-go basis and is funded on a self-insured basis and partially on an insured basis. As of June 30, 2011, the City established a trust fund to segregate assets to fund the liability associated with the post-employment benefits. Currently, the funding and payment of post-employment benefits are accounted for in an internal service fund. Over 15 years ago, the City developed a funding strategy setting aside \$50,000 annually in anticipation of the liability. The City contributed \$600,000 in each fiscal year 2016-2017 through fiscal year 2018-2019, \$2,100,000 in fiscal year 2019-2020, \$1,200,000 in fiscal year 2020-2021, \$4,400,000 in fiscal year 2021-2022, \$2,574,000 in fiscal year 2022-2023, nearly \$3,100,000 in fiscal year 2023-2024, and nearly \$3,100,000 in fiscal year 2024-2025. As of June 30, 2025, the City has set aside over \$41,000,00 to fund this liability.

Actuarial valuations involve estimates of the value of reported amounts and assumption about the probability of the occurrence of future events. Assumptions include future employment, mortality, healthcare and other benefit cost trends. The Government Accounting Standards Board ("GASB") has issued statements to establish financial reporting, liability calculation, along with the requirement to disclose the government's funding strategy and progress.

The City's annual other post-employment benefit (OPEB) cost is calculated based on the actuarially determined contribution (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's schedule of employer contributions for the last five fiscal years.

Schedule of Employer Contributions (in thousands)

	2025 ¹	2024	2023	2022	2021
Actuarially Determined Contribution	\$ 13,553	\$ 13,169	\$ 14,012	\$ 13,607	\$ 14,233
Contributions in relation to the					
Actuarially Determined Contribution	14,196	13,179	14,558	15,076	11,276
Contribution (Deficiency) Excess	\$ 643	\$ 10	\$ 546	\$ 1,469	\$ (2,957)
Contributions as a Percentage					
of Actuarially Determined Contribution	104.74%	100.08%	103.90%	110.80%	79.22%
Covered Employee Payroll	\$ 46,817	\$ 47,248	\$ 46,141	\$ 47,792	\$ 46,672
Contributions as a Percentage					
of Covered Employee Payroll	30.32%	27.89%	31.55%	31.55%	24.16%

¹ Subject to Audit.

Net OPEB Liability

Total OPEB Liability	\$ 184,199,000
Plan Fiduciary Net Position	37,130,000
Total Net OPEB Liability (Asset)	<u>\$ 147,069,000</u>
Plan Fiduciary Net Position as a	
Percentage of the Total OPEB Liability	20.16%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current	1% Increase
	5.90%	Discount Rate	7.90%
	6.90%		
City's Net OPEB Liability.....	\$ 170,982,000	\$ 147,069,000	\$ 127,443,000

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the BOE, as well as what the BOE's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current	1% Increase
	2.93%	Discount Rate	4.93%
	3.93%		
BOE Total OPEB Liability.....	\$ 14,236,000	\$ 12,850,000	\$ 11,657,000

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost	1% Increase
	(5.50% decreasing	Trend Rates	(7.50% decreasing
	to 3.40%)	(6.50% decreasing	to 5.40%)
	to 4.40%)		
City's Net OPEB Liability.....	\$ 125,248,000	\$ 147,069,000	\$ 173,912,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost	1% Increase
	(5.50% decreasing	Trend Rates	(7.50% decreasing
	to 3.40%)	(6.50% decreasing	to 5.40%)
	to 4.40%)		
BOE Total OPEB Liability.....	\$ 11,384,000	\$ 12,850,000	\$ 14,571,000

For more information on OPEB, please refer to Appendix A – “Note 12. Postemployment Benefits” of the City's General Purpose Financial Statements.

**General Fund Revenues, Expenditures
and Changes in General Fund Balance
Four-Year Summary of Audited Revenues and Expenditures (GAAP Basis),
Unaudited and Current Budget (Budgetary Basis)
(000's)**

	Unaudited					
	Budget	Actual	Actual	Actual	Actual	Actual
Revenues:	2025-26 ^{1,2}	2024-25 ^{1,2}	2023-24	2022-23	2021-22	2020-21
Taxes	\$ 149,669	\$ 142,799	\$ 131,340	\$ 130,750	\$ 128,341	\$ 126,045
Licenses and Permits	770	1,206	1,674	2,755	1,038	1,383
Intergovernmental	40,090	53,802	56,712	53,041	48,817	46,411
Charges for Services	5,136	6,707	6,504	5,576	5,406	5,274
Investment income	1,835	2,550	3,104	2,062	140	101
Miscellaneous	4,297	4,272	4,293	5,018	4,445	4,623
Total Revenues	201,797	211,336	203,627	199,202	188,187	183,837
Expenditures:						
General Government	11,681	14,223	12,988	13,033	10,686	10,451
Public Safety	22,803	22,463	21,226	20,005	18,676	17,922
Public Works	8,986	8,707	7,379	6,286	5,988	5,711
Health & Human Resources	1,008	1,645	1,994	1,879	1,606	1,742
Culture and Recreation	5,483	6,427	7,605	7,079	6,320	5,849
Employee Benefits and Insurance	26,397	23,360	21,775	21,183	21,174	21,132
Education	103,150	115,194	111,648	106,636	103,269	99,303
Other	4,279	-	36	76	-	-
Total Expenditures	183,787	192,019	184,651	176,177	167,719	162,110
Revenues over (under) expenditures.....	18,010	19,317	18,976	23,025	20,468	21,727
Other Financing Sources Uses:						
Premiums on Bonds Issued	-	-	-	-	2,700	4,900
Issuance of Leases	-	-	27	-	-	-
Operating Transfers In	3,074	2,251	2,196	1,973	510	479
Operating Transfers (Out)	(22,434)	(25,110)	(25,414)	(25,808)	(22,871)	(21,946)
Total other Financing Sources (uses)	(19,360)	(22,859)	(23,191)	(23,835)	(19,661)	(16,567)
Revenues and other financing sources over (under) expenditures and other financing uses....	n/a	(3,542)	(4,215)	(810)	807	5,160
Fund Balance, beginning	42,227	45,769	49,984	50,794	49,987	44,827
Fund Balance, ending	n/a	\$ 42,227	\$ 45,769	\$ 49,984	\$ 50,794	\$ 49,987

¹ Budgetary Basis.

² Subject to Audit.

**Analysis of General Fund Balance
(000's)**

	Unaudited					
	Budget	Actual	Actual	Actual	Actual	Actual
	2025-26 ^{1,2}	2024-25 ^{1,2}	2023-24	2022-23	2021-22	2020-21
Reserved for Encumbrances.....	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	N/A	-	-	-	-	-
Assigned.....	N/A	2,426	5,596	13,914	9,022	9,835
Unassigned.....	N/A	39,801	40,173	36,070	41,772	40,152
Total Fund Balance.....	\$ -	\$ 42,227	\$ 45,769	\$ 49,984	\$ 50,794	\$ 49,987

¹ Budgetary Basis.

² Subject to Audit.

Connecticut General Statutes Section 4-66l, as amended (“Section 4-66l”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more of the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For Fiscal Year ending June 30, 2025, the City did not exceed the threshold for increased budget expenditures.

Pension Plan

The City is the administrator of the Middletown Retirement System Fund, a single-employer defined benefit Public Employee Retirement System (“PERS”) established and administered by the City to provide pension benefits for its non-teacher employees. The PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The Charter provides the City Council with the authority to establish and amend benefit provisions, by ordinance, through the Retirement Board. The PERS is considered to be part of the City’s financial reporting entity and is included in the City’s financial reports as a pension trust fund. Stand-alone financial statements are not issued.

Under the plan, all full-time employees are eligible to join. Employees are 100% vested after 10 years of continuous service. Anyone who shall receive a vested benefit based on the minimum of 10 years of service, but less than 20 years of service, shall be eligible to collect such benefits at 65. If a member is separated from service after 20 years of service, the member shall be entitled to a deferred retirement allowance to commence on the earliest date on which the member would have been eligible to retire.

Members of the Fire Union receive a pension based upon 2.5% per year of service to a maximum of 80% and shall be eligible for retirement after 20 years of credited service. Pension benefits shall be calculated on the basis of 2.5% for each year of credited service times the average of the employee’s 4 highest years out of the employee’s last 5 years of earnings.

Members of the Police Union receive a pension based upon 2.5% per year of service to a maximum of 70% and shall be eligible for retirement after 20 years of credited service. However, those members who will or elect to receive health benefits in accordance with Article 20, Option 2 of their agreement, shall receive a pension based upon 2.5% per year of service to a maximum of 80% and the computation shall include 4% of replacement overtime pay for the years of service included in such computation. Pension benefits shall be calculated on the basis of 2.5% for each year of credited service times the average of the employee’s 3 highest consecutive years of service. Base pay shall include any and all holiday payments made to the bargaining unit member.

Members of UPSEU receive a pension based upon 2.25% per year of service to a maximum of 70% and shall be eligible for retirement after 22 years of credited service. However, those members who will or elect to receive health benefits in accordance with Article VII, Section 6, subsections B and E of their agreement, shall receive a pension based upon 2.5% per year of service to a maximum of 80% and shall be eligible for retirement after 20 years of credited service. Pension benefits shall be calculated on the average of the employee’s 3 highest consecutive years of service.

Members of the 466 Union receive a pension based upon 2.25% per year of service to a maximum of 70% and shall be eligible for retirement after 22 years of credited service. Pension benefits shall be calculated on the average of the employee’s 3 highest years of service.

Members of the Library Union receive a pension based upon 2.25% per year of service to a maximum of 70% and shall be eligible for retirement after 22 years of credited service. Pension benefits shall be calculated on the average of the employee’s 3 highest years of service.

Police employees contribute 6.5% of their earnings to the PERS and all other employees in the plan are required to contribute 6% of their earnings to the PERS. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 0% - General Government, 24.1% - Firefighters, and 26.1% - Police, of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended by the City Council subject to union negotiations. Compensation is expanded by including longevity pay and holiday pay.

The City's Annual Required Contribution for the Fiscal Year 2024-2025 was 5,066,000 and the City made contributions of \$5,066,000 or 100%.

	2025 ¹	2024	2023	2022	2021
Actuarially Determined Contribution.....	\$ 5,066,000	\$ 4,698,000	\$ 4,208,000	\$ 4,295,000	\$ 4,271,000
Contributions in Relation to the Actuarially Determined Contribution.....	5,066,000	4,698,000	4,208,000	4,295,000	4,271,000
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Actuarially Determined Contribution	100.00%	100.00%	100.00%	100.00%	100.00%
Covered Payroll.....	\$ 47,664,000	\$ 47,664,000	\$ 44,771,613	\$ 44,772,000	\$ 45,652,000
Contributions as a Percentage of Covered Payroll.....	10.63%	9.86%	9.40%	9.59%	9.36%

¹ Budgetary Basis.

The components of the net pension asset of the City at June 30, 2024 were as follows:

Total Pension Liability.....	\$ 505,494,000
Plan Fiduciary Net Position.....	485,483,000
Total Net Pension Liability.....	<u>\$ 20,011,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	96.04%

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the City, calculated using the current discount rate, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	(5.90%)	(6.90%)	(7.90%)
Net Pension Liability (Asset).....	\$ 86,293,000	\$ 20,011,000	\$ (34,673,000)

VII. Legal and Other Information

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and will render its opinion in substantially the form included in this Official Statement as Appendix B.

Litigation

The City, its officers and employees are defendants in a number of lawsuits pending in both the State and Federal Courts. In the opinion of the General Counsel, as of the present time, the pending litigation will not finally result, either individually or in the aggregate, in final judgments against the City which would have a materially adverse effect upon the finances of the City.

Documents Furnished at Delivery

The original purchaser will be furnished the following documents when the Bonds are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. Certificate on behalf of the City, signed by the Mayor and Director of Finance and Revenue Services, which will be dated the date of delivery and attached to a signed or confirmed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief that, at the time bids on the Bonds were accepted the description and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel in substantially the form attached hereto as Appendix B to this Official Statement.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The City has prepared an Official Statement for the Bonds which is dated December __, 2025. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds a reasonable number of copies of the final Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of Phoenix Advisors, the City's Municipal Advisor, within seven business days of the bid opening. If the City's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, then copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoccurring prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

A record of the proceedings taken by the City in authorizing the Bonds will be kept on file at the principal office of the Paying Agent, U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103 and may be examined upon reasonable request.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

City of Middletown, Connecticut

EUGENE P. NOCERA, *Mayor*

CARL R. ERLACHER, *Director of Finance & Revenue Services*

Dated: December __, 2025

Appendix A

Audited 2024 General Purpose Financial Statements

The following includes the Audited General Purpose Financial Statements for the fiscal year ended June 30, 2024. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Common Council
City of Middletown, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middletown, Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Middletown, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middletown, Connecticut, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Middletown, Connecticut, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Middletown, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Middletown, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Middletown, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2024, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middletown, Connecticut's basic financial statements. The general fund balance sheet, report of tax collector, combining nonmajor fund financial statements, combining schedule of revenues and expenditures – actual and budget, and the combining internal service funds financial statements for the year ended June 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the general fund balance sheet, report of tax collector, combining nonmajor fund financial statements, combining schedule of revenues and expenditures – actual and budget, and the combining internal service funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

We also previously audited, in accordance with GAAS, the basic financial statements of the City of Middletown, Connecticut, as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated March 28, 2025, which contained unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The General Fund comparative balance sheet and the summarized Combining Internal Service Fund financial statements for the year ended June 30, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 basic financial statements.

Honorable Mayor and Members of the Common Council
City of Middletown, Connecticut

The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the General Fund comparative balance sheet and the summarized Combining Internal Service Fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, on our consideration of the City of Middletown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Middletown, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Middletown, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
July 18, 2025

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

This discussion and analysis of the City of Middletown, Connecticut's (City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net position of the City's governmental activities increased by \$28.1 million, or 15.4%.
- During the year, the City had expenses that were \$28.1 million less than the \$289.9 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$261.8 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$45.8 million.
- The resources available for appropriation were less than budgetary estimates by \$4.2 million for the General Fund. Expenditures were kept within spending limits by \$2.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibit III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibit I and II. The statement of net position and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

In the statement of net position and the statement of activities, we divide the City into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, human resources, culture and recreation, employee benefits and insurance, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Component units* - The City includes a separate legal entity in its report; the Eastern Connecticut Resource Recovery Authority (ECRRA). Although legally separate, this "component unit" is important because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (like the Fire District, Water Fund, Sewer Fund and Sanitation Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the Clean Water Fund, Block Grants and Special Education Grants). The City's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide services for the City's other programs and activities - such as the City's Medical, Workers Compensation and Property and Liability Funds.
- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position increased from a year ago from \$182.7 million to \$210.8 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities.

**TABLE 1
NET POSITION
(In Thousands)**

	Governmental Activities	
	2024	2023
ASSETS		
Current Assets	\$ 128,934	\$ 124,802
Capital Assets, Net of Accumulated Depreciation	528,180	525,533
Total Assets	657,114	650,335
Deferred Outflows of Resources	54,239	81,650
LIABILITIES		
Long-Term Liabilities Outstanding	364,346	374,306
Other Liabilities	22,344	30,278
Total Liabilities	386,690	404,584
Deferred Inflows of Resources	113,901	144,743
NET POSITION		
Net Investment in Capital Assets	358,426	358,347
Restricted	14,612	5,702
Unrestricted	(162,276)	(181,391)
Total Net Position	\$ 210,762	\$ 182,658

Net position of the City's governmental activities increased by 15.4% (\$210.8 million compared to \$182.7 million). Increase in net position is mainly attributable to the increase in property taxes, grants and contributions, investment earnings and reduction in overall expenses. Capital assets increased by \$2.6 million while long-term liabilities decreased by \$10 million. The City's has an aggressive debt repayment philosophy which results in the rapid payment for capital asset additions.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

**TABLE 2
NET POSITION
(In Thousands)**

	Governmental Activities	
	2024	2023
REVENUES		
Program Revenues:		
Charges for Services	\$ 32,048	\$ 31,661
Operating Grants and Contributions	67,574	67,794
Capital Grants and Contributions	5,174	6,185
General Revenues:		
Property Taxes	144,222	142,141
Grants and Contributions Not Restricted to Specific Programs	24,263	22,376
Unrestricted Investment Earnings	5,513	3,692
Other General Revenues	11,117	11,017
Total Revenues	<u>289,911</u>	<u>284,866</u>
PROGRAM EXPENSES		
General Government	12,859	19,154
Public Safety	31,439	31,362
Public Works	15,164	14,696
Health and Human Services	2,309	2,156
Culture and Recreation	8,028	7,546
Employee Benefits and Insurance	21,775	21,183
Education	152,054	153,362
Sewer	8,026	7,647
Water	5,205	5,020
Sanitation	1,873	1,852
Interest on Long-Term Debt	3,075	2,693
Total Program Expenses	<u>261,807</u>	<u>266,671</u>
Net Increase in Net Position	28,104	18,195
Net Position - Beginning of Year	<u>182,658</u>	<u>164,463</u>
NET POSITION - END OF YEAR	<u><u>\$ 210,762</u></u>	<u><u>\$ 182,658</u></u>

The City's total revenues were \$289.9 million. The total cost of all programs and services was \$261.8 million. Our analysis below considers the operations of governmental activities.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

Governmental Activities

More than 49.7% of the revenues were derived from property taxes, followed by 25.1% from operating and capital grants, then 11.1% from charges for services.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2024 reflects an increase in the total assessed value of all taxable property of 24.9%. The City's property tax rate (mill rate) decreased from 44 to 35.1.
- Operating Grants and contributions of \$67.6 million were virtually the same as prior year.
- Capital grants decreased by \$1 million, which is mainly due to several reimbursable capital projects in the current year, such as the new Middle School, which is being partially reimbursed from the State of Connecticut.

For governmental activities, 58.1% of the City's expenses relate to education, 12.0% relate to public safety, general government (4.9%), employee benefits and insurance (8.3%), and public works (5.8%).

Major expense factors include:

- Decrease in education expenses mainly due to a decrease in accruals for various liabilities including OPEB.
- Decreases in total program expenses is attributable to a decrease in educational and general government related expenses, including pension and OPEB related items.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$52.8 million, which is an increase from last year's total of \$41.4 million.

The City reports five major funds individually in the governmental fund financial statements, the General Fund, the Debt Service Fund, the Capital Projects Fund, the Special Grants Fund (a special revenue fund) and Educational Grants (a special revenue fund).

General Fund. At the end of the current fiscal year, the total fund balance of General Fund was \$45.8 million, while unassigned fund balance was \$40.2 million. In total, the fund balance decreased by \$4.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 20.6 percent of total general fund budgetary expenditures, while total fund balance represents 23.5 percent of that same amount.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

General Fund Budgetary Highlights. Total tax collections were favorable by \$16 thousand. Charges for services were favorable by \$2.0 million with the majority of this coming from building permits.

Under the intergovernmental section, the City experienced a favorable revenue variance of \$3.2 million which is mainly due to state municipal projects and PILOT grants.

The aforementioned items, when combined with the planned use of fund balance to minimize the annual tax impact to City residents, resulted in completing the June 30, 2024 fiscal year with an unassigned fund balance of \$40.2 million.

The City continues to experience a variety of favorable events, most related to a planned expenditure cut back, that favorably impacted expenses during the fiscal year.

These events include:

	(in thousands)
General government	\$ 392
Public safety	69
Public works	87
Recreation and community service	18
Sundry Municipal Services	636

Debt Service Fund. The Debt service fund had an increase in fund balance during the current year of \$642 thousand to bring the year end fund balance to 5.8 million. The increase primarily resulted from premium of \$1.9 million on general obligation bonds issued during the year, which was reduced by transfer to general fund of \$1.5 million.

Capital Projects Fund. The fund balance for the Capital Project's Fund increased by \$15.4 million mainly due to the issuance of \$28.0 million in general obligation bonds.

Special Grants Fund. The Special Grants Fund is used to account for resources for the City's state and federal grant related programs and activities. The fund had a decrease of fund balance of \$762 thousand to bring the year end fund balance to a deficit of \$0.4 million. The deficit will be eliminated with future grant reimbursements. The intergovernmental revenue of \$13 million represents state, and federal grants for the programs.

Educational Grants. The Educational Grants Fund is used to account for resources for the Board of Education's state and federal grant related programs and activities. This is the first year that Education Grants fund qualified as a major fund. This fund had an increase of fund balance of \$717 thousand. The fund ended the year with a fund balance of \$7 thousand. The intergovernmental revenue of \$23.2 million represents state, and federal grants for the educational programs.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the City had \$528.2 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 3.

**TABLE 3
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Millions)**

	Governmental Activities	
	2024	2023
Land	\$ 23.3	\$ 23.3
Infrastructure	222.4	222.4
Buildings and Improvements	115.6	114.1
Machinery, Equipment and Building Contents	20.7	16.0
Right-to-Use Asset	0.9	1.0
Construction in Progress	145.3	148.7
Total	<u>\$ 528.2</u>	<u>\$ 525.5</u>

The City's capital assets increase for 2024 is mainly attributable to continued clean water projects and other various projects throughout the City.

More detailed information about the City's capital assets is presented in Notes 1 and 5 to the financial statements.

Long-Term Debt

At June 30, 2024, the City had \$152.0 million in bonds outstanding versus \$145.6 million last year, an increase of 4.4% - as shown in Table 4.

**TABLE 4
OUTSTANDING DEBT, at Year-End
(In Millions)**

	Governmental Activities	
	2024	2023
General Obligation Bonds and Notes	<u>\$ 152.0</u>	<u>\$ 145.6</u>

The City's general obligation bond rating continues to carry a AAA rating with Standard & Poor's Rating Services. The State limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1,044 million state-imposed limit.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City is currently 2.5% compared with the prior year of 3.7%.

The appropriation for expenditures totaled \$201.3 million in the adopted budget for the 2024-2025 fiscal year representing an increase of 2.0% compared to the final amended budget for fiscal year ended June 30, 2024. The City is anticipating using \$4.7 million of assigned General Fund fund balance to balance budgeted operations for the 2024-2025 fiscal year.

The City's elected and appointed officials considered many factors when establishing the tax mill rate of 36.8 for the adopted budget for the 2024-2025 fiscal year. There was an increase in mill rate from the 35.1 mill rate established for the 2023-2024 fiscal year.

The City, while cautiously optimistic, is quite concerned about the State of Connecticut budget and the impact balancing the State budget may have on the City. Approximately one-fourth of the City's budget revenues are derived from revenues received from the State of Connecticut. The vast majority of the State revenues come to the City in the form of Educational Cost Sharing Grants (ECS) which provide a direct subsidy to the local school system.

Section 52 of Public Act 02-1 allows the Governor, on or after October 1, 2002, to reduce certain allotments, including grants to municipalities, by up to 5%. Any State reduction over \$750,000 would result in a budget revenue shortfall and would reduce the City's unassigned General Fund fund balance and/or increase the property tax rate in fiscal year 2025.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Middletown, 245 DeKoven Drive, Middletown, Connecticut 06457.

BASIC FINANCIAL STATEMENTS

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2024
(IN THOUSANDS)

	Primary Government Governmental Activities	Component Unit ECRRA
ASSETS		
Cash and Cash Equivalents	\$ 95,569	\$ 1,997
Investments	1,210	-
Receivables, Net	31,819	32
Due From Fiduciary Funds	268	-
Supplies	68	-
Capital Assets:		
Assets Not Being Depreciated/Amortized	168,567	-
Assets Being Depreciated/Amortized, Net	359,613	20,431
Total Assets	657,114	22,460
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	37,313	-
Deferred Outflows Related to OPEB	16,926	-
Total Deferred Outflows of Resources	54,239	-
LIABILITIES		
Accounts and Other Payables	12,912	-
Unearned Revenue	9,432	-
Noncurrent Liabilities:		
Due Within One Year	27,767	-
Due in More than One Year	336,579	-
Total Liabilities	386,690	-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	-	-
Deferred Inflows Related to Leases	1,039	-
Deferred Inflows Related to Pension	12,630	-
Deferred Inflows Related to OPEB	100,232	-
Total Deferred Inflows of Resources	113,901	-
NET POSITION		
Net Investment in Capital Assets	358,426	20,431
Restricted for:		
Debt Service	4,365	-
Grants	7,854	-
Other	1,018	-
Trust Purposes:		
Expendable	74	-
Nonexpendable	1,301	-
Unrestricted	(162,276)	2,029
Total Net Position	\$ 210,762	\$ 22,460

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

					Net (Expense) Revenue and Changes In Net Assets	
					Primary	Component
					Governmental	Unit
Program Revenues						
					Governmental	
Functions/Programs	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Activities	ECRRA
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$ 12,859	\$ 4,891	\$ 8,213	\$ -	\$ 245	\$ -
Public Safety	31,439	2,943	2,363	1,464	(24,669)	-
Public Works	15,164	553	85	3,633	(10,893)	-
Health and Human Resources	2,309	184	874	52	(1,199)	-
Culture And Recreation	8,028	584	81	25	(7,338)	-
Employee Benefits and Insurance	21,775	-	-	-	(21,775)	-
Education	152,054	2,327	55,958	-	(93,769)	-
Sewer	8,026	12,276	-	-	4,250	-
Water	5,205	6,608	-	-	1,403	-
Sanitation	1,873	1,682	-	-	(191)	-
Interest on Long-Term Debt	3,075	-	-	-	(3,075)	-
Total Primary Government - Governmental Activities	<u>\$ 261,807</u>	<u>\$ 32,048</u>	<u>\$ 67,574</u>	<u>\$ 5,174</u>	<u>\$ (157,011)</u>	<u>\$ -</u>
COMPONENT UNITS						
ECRRA	<u>\$ 3,238</u>	<u>\$ 792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,446)</u>
Total Component Units	<u>\$ 3,238</u>	<u>\$ 792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,446)</u>
GENERAL REVENUES						
Property Taxes					\$ 144,222	\$ -
Grants and Contributions Not Restricted to Specific Programs					24,263	-
Unrestricted Investment Earnings					5,513	35
Miscellaneous					11,117	-
Total General Revenues					<u>185,115</u>	<u>35</u>
CHANGE IN NET POSITION						
					28,104	(2,411)
Net Position - Beginning of Year					<u>182,658</u>	<u>24,871</u>
NET POSITION - END OF YEAR						
					<u>\$ 210,762</u>	<u>\$ 22,460</u>

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(IN THOUSANDS)**

	General	Debt Service	Capital Projects	Special Grants	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 36,246	\$ 5,856	\$ 6	\$ 7,693	\$ -	\$ 18,473	\$ 68,274
Investments	-	-	-	-	-	1,210	1,210
Receivables, Net	15,563	-	6,368	3,136	318	6,434	31,819
Due from Other Funds	16,663	-	-	-	931	1,300	18,894
Supplies	-	-	-	-	-	68	68
Total Assets	<u>\$ 68,472</u>	<u>\$ 5,856</u>	<u>\$ 6,374</u>	<u>\$ 10,829</u>	<u>\$ 1,249</u>	<u>\$ 27,485</u>	<u>\$ 120,265</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payables	\$ 8,207	\$ -	\$ 1,207	\$ 839	\$ -	\$ 428	\$ 10,681
Accrued Liabilities	-	-	-	-	494	242	736
Due to Other Funds	-	-	15,868	-	527	2,231	18,626
Unearned Revenue	-	-	-	9,152	221	59	9,432
Total Liabilities	<u>8,207</u>	<u>-</u>	<u>17,075</u>	<u>9,991</u>	<u>1,242</u>	<u>2,960</u>	<u>39,475</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue -							
Property Taxes	13,457	-	-	-	-	1,724	15,181
Deferred Inflows Related to Leases	1,039	-	-	-	-	-	1,039
Unavailable Revenue -							
User Charges Receivable	-	-	-	-	-	4,094	4,094
Unavailable Revenue - Grants	-	-	6,368	1,256	-	57	7,681
Total Deferred Inflows of Resources	<u>14,496</u>	<u>-</u>	<u>6,368</u>	<u>1,256</u>	<u>-</u>	<u>5,875</u>	<u>27,995</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	68	68
Restricted	-	5,856	-	-	7	2,558	8,421
Committed	-	-	-	-	-	16,539	16,539
Assigned	5,596	-	-	-	-	-	5,596
Unassigned	40,173	-	(17,069)	(418)	-	(515)	22,171
Total Fund Balances	<u>45,769</u>	<u>5,856</u>	<u>(17,069)</u>	<u>(418)</u>	<u>7</u>	<u>18,650</u>	<u>52,795</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,472</u>	<u>\$ 5,856</u>	<u>\$ 6,374</u>	<u>\$ 10,829</u>	<u>\$ 1,249</u>	<u>\$ 27,485</u>	<u>\$ 120,265</u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2024
(IN THOUSANDS)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund Balances - Total Governmental Funds	\$	52,795
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental Capital Assets		892,938
Less: Accumulated Depreciation/Amortization		(364,758)
Net Capital Assets		528,180

Other long-term assets and deferred outflows of resources are not
available to pay for current-period expenditures and, therefore,
are not recorded in the funds:

Property Tax Receivables Greater than 60 Days		15,181
Interest Receivable on Water, Sewer and Sanitation		536
Water, Sewer and Sanitation Receivables		3,558
Grants		7,681
Deferred Outflows Related to Pension		37,313
Deferred Outflows Related to OPEB		16,926

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of the internal service funds
are reported with governmental activities in the statement of net position.

20,812

Long-term liabilities, including bonds payable and deferred inflows of resources,
are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable		(152,045)
Interest Payable on Bonds and Notes		(1,490)
Lease Liability		(910)
Compensated Absences		(9,385)
Total OPEB Liability		(619)
Net OPEB Liability		(159,300)
Net Pension Liability		(20,011)
Bond Premium		(15,598)
Deferred Inflows Related to Pension		(12,630)
Deferred Inflows Related to OPEB		(100,232)

Net Position of Governmental Activities (Exhibit I)	\$	210,762
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CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	General	Debt Service	Capital Projects	Special Grants	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 131,340	\$ -	\$ -	\$ -	\$ -	\$ 12,100	\$ 143,440
Licenses and Permits	1,674	-	-	-	-	-	1,674
Intergovernmental	56,712	-	-	12,971	23,226	6,335	99,244
Charges for Services	6,504	-	-	225	1,058	22,515	30,302
Investment Income	3,104	289	-	12	-	765	4,170
Miscellaneous	4,293	-	-	79	6,350	432	11,154
Total Revenues	203,627	289	-	13,287	30,634	42,147	289,984
EXPENDITURES							
Current:							
General Government	12,988	-	-	326	-	1,040	14,354
Public Safety	21,226	-	-	181	-	14,246	35,653
Public Works	7,379	-	-	2,936	-	-	10,315
Health and Human Resources	1,994	-	-	9	-	285	2,288
Culture and Recreation	7,605	-	-	204	-	126	7,935
Employee Benefits and Insurance	21,775	-	-	-	-	-	21,775
Education	111,648	-	-	52	31,600	3,605	146,905
Sewer	-	-	-	-	-	7,970	7,970
Water	-	-	-	-	-	5,053	5,053
Sanitation	9	-	-	-	-	1,840	1,849
Capital Outlay	27	-	12,526	10,233	-	2,861	25,647
Debt Service:							
Principal Retirement	-	21,542	-	-	-	-	21,542
Interest	-	7,205	-	-	-	-	7,205
Total Expenditures	184,651	28,747	12,526	13,941	31,600	37,026	308,491
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,976	(28,458)	(12,526)	(654)	(966)	5,121	(18,507)
OTHER FINANCING SOURCES (USES)							
Proceeds from Bonds and Serial Notes	-	-	28,000	-	-	-	28,000
Issuance of Leases	27	-	-	-	-	-	27
Bond Premium	-	1,856	-	-	-	-	1,856
Transfers In	2,196	28,744	-	-	1,683	960	33,583
Transfers Out	(25,414)	(1,500)	(99)	(108)	-	(6,407)	(33,528)
Total Other Financing Sources (Uses)	(23,191)	29,100	27,901	(108)	1,683	(5,447)	29,938
NET CHANGE IN FUND BALANCES	(4,215)	642	15,375	(762)	717	(326)	11,431
Fund Balances - Beginning, As Originally Reported	49,984	5,214	(32,444)	344	-	18,266	41,364
Adjustment	-	-	-	-	(710)	710	-
Fund Balance - Beginning, As Adjusted	49,984	5,214	(32,444)	344	(710)	18,976	41,364
FUND BALANCES - END OF YEAR	\$ 45,769	\$ 5,856	\$ (17,069)	\$ (418)	\$ 7	\$ 18,650	\$ 52,795

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net Change In Fund Balances - Total Governmental Funds (Exhibit IV)	\$	11,431
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense:

Capital Outlay		17,783
Depreciation/Amortization Expense		(15,046)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets.

(90)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the Statement of Activities:

Property Tax Receivable - Accrual Basis Change		783
Water, Sewer, Sanitation Interest Receivable - Accrual Change		-
Grants		(730)
Change In Deferred Outflows Related To Pension		(17,177)
Change In Deferred Outflows Related To OPEB		(10,234)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bonds And Notes Principal Payments		21,543
Issuance Of Bonds And Notes		(28,000)
Premium On Bonds		(1,856)
Issuance Of Leases		(27)
Lease Payments		191

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated Absences		(267)
Total OPEB Liability		12,544
Net OPEB Liability		(11,992)
Net Pension Liability		13,634
Bond Premium Amortization		4,037
Accrued Interest		92
Change In Deferred Inflows Related to Pension		(11,537)
Change in Deferred Inflows Related to OPEB		42,574

Internal service funds are used by management to charge costs to individual funds. The net revenue (expense) of certain activities of internal services funds is reported with governmental activities.

448

Change in Net Position of Governmental Activities (Exhibit II)	\$	28,104
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See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024
(IN THOUSANDS)

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 27,295
LIABILITIES	
Current Liabilities:	
Accounts and Other Payables	5
Unpaid Claims - Current	<u>2,113</u>
Total Current Liabilities	2,118
NONCURRENT LIABILITIES	
Unpaid Claims - Noncurrent	<u>4,365</u>
Total Liabilities	<u>6,483</u>
NET POSITION	
Unrestricted	<u><u>\$ 20,812</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 18,165
Other	6,916
Total Operating Revenues	<u>25,081</u>
OPERATING EXPENSES	
Benefit Payments	8,054
Administration	536
Insurance	17,332
Total Operating Expenses	<u>25,922</u>
OPERATING INCOME (LOSS)	(841)
NONOPERATING REVENUE	
Income on Investments	<u>1,344</u>
INCOME BEFORE TRANSFERS	503
TRANSFERS OUT	<u>(55)</u>
CHANGE IN NET POSITION	448
Net Position - Beginning of Year	<u>20,364</u>
NET POSITION - END OF YEAR	<u><u>\$ 20,812</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund Services Provided or Used	\$ 18,165
Cash Received for Insurance Reimbursements	6,916
Cash Paid to Vendors	(26,088)
Net Cash Used by Operating Activities	(1,007)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to Other Funds	(55)
CASH FLOWS FROM INVESTING ACTIVITIES	
Income on Investments	1,344
NET DECREASE IN CASH AND CASH EQUIVALENTS	282
Cash and Cash Equivalents - Beginning of Year	27,013
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 27,295</u>
RECONCILIATION OF OPERATING LOSS USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (841)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Vouchers and Other Payables	(166)
Net Cash Used by Operating Activities	<u>\$ (1,007)</u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 6,163
Investments:	
U.S. Government Securities	34,785
U.S. Government Agencies	-
Corporate Bonds	147,519
Common Stock	174,113
Mutual Funds	158,793
Receivables:	
Accrued Investment Income	1,736
Total Assets	<u>523,109</u>
LIABILITIES	
Vouchers and Other Payables	228
Due To Other Funds	<u>268</u>
Total Liabilities	496
NET POSITION	
Net Position Restricted for Pension Benefits	485,483
Net Position Restricted for OPEB Benefits	<u>37,130</u>
Total Net Position	<u><u>\$ 522,613</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 17,877
Plan Members	3,601
Other Revenue	1,808
Total Contributions	<u>23,286</u>
Investment Income (Loss):	
Net Change in Fair Value of Investments	34,758
Interest and Dividends	<u>10,425</u>
Total Investment Gain	45,183
Investment Fees	<u>(992)</u>
Net Investment Income (Loss)	<u>44,191</u>
Total Additions	67,477
DEDUCTIONS	
Benefits	37,238
Other	<u>53</u>
Total Deductions	<u>37,291</u>
CHANGE IN NET POSITION	30,186
Net Position - Beginning of Year	<u>492,427</u>
NET POSITION - END OF YEAR	<u><u>\$ 522,613</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Middletown, Connecticut (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

A. Reporting Entity

The City was incorporated in 1651. Its legal authority is derived from a Charter granted in 1874 that has been subsequently revised, most recently in 2014. The City operates under a Council-Mayor form of government. Services provided include education, water, sewer, refuse, streets and drainage, recreation and parks, police and fire, planning and zoning, community development, and human resources.

Discretely Presented Component Unit

The Eastern Connecticut Resource Recovery Authority (ECRRA) has been included in the City's reporting as a discretely presented component unit in accordance with GAAP. As more fully explained in Note 10, ECRRA is a regional authority formed to develop, finance, construct and operate a solid waste resource recovery system. Under the ECRRA bylaws ECRRA's Board of Directors consists of the three members of the City's Resource Recovery Authority Commission which are appointed from time to time by the Mayor who is one of the three commission members and is, ex officio, the Chairman of the Board of ECRRA. At June 30, 2024, the City is the only member and accordingly it is under the City's control.

Blended Component Unit

The Russell Library Company, a nonprofit corporation, is included in the City's reporting entity as a component unit because the City provides significant operating subsidies. The Russell Library Company operates a free public library for the City residents. The City appoints 6 of the 13 Board of Trustees and funds approximately 95% of operations.

The Russell Library Company's audit report is on file at the Library, 123 Broad Street, Middletown Connecticut, 06457

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension and OPEB trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered available if they are collected within 180 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to lease liabilities, compensated absences, and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

The General Fund – is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Debt Service Fund – accounts for the payment of principal and interest on long-term debt of the City.

The Capital Project Fund – accounts for financial resources to be used for the acquisition or construction of major capital assets.

The Special Grants Fund – accounts for financial resources to be used for state and federal grant related projects.

The Educational Grants Fund - accounts for financial resources to be used for state and federal special education grant programs.

Additionally, the City reports the following fund types:

The Internal Service Fund – accounts for the risk management activity of the City.

The Pension and Other Employee Benefit – Trust Funds account for the activities of the defined benefit pension plans and Other Postemployment Benefits Trust Fund, which accumulate resources for pension and health benefit payments to qualified employees upon retirement.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to customers for risk management. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Adoption of New Accounting Standards

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. The Educational Grants Special Revenue Fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective July 1, 2023, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major governmental fund for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table below.

	Funds	
	Educational Grants Fund	Nonmajor Governmental
Governmental Funds:		
Fund Balance, as Previously Reported June 30, 2023	\$ -	\$ 18,266
Implementation of GASB Statement No. 100	(710)	710
Fund Balance, as Adjusted, at July 1, 2023	<u>\$ (710)</u>	<u>\$ 18,976</u>

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and ECRRA invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 3.

Investments for the City, as well as for its component unit, are reported at fair value.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables, including those for the component units, are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data. Property taxes allowance represents 1.4% of outstanding amounts.

Real, personal and motor vehicle property taxes are levied on the assessed value at the rate enacted by the Common Council in the annual budget ordinance.

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year and are billed on the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1-1/2% per month accrues on all overdue taxes. If taxes are unpaid as of June 30, following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value.

Property tax revenues are recognized when they become measurable and available. Available means the revenues are presently due, or past due and collectible within 60 days of the end of the current period.

F. Leases

Lessee

The City of Middletown, Connecticut, is a lessee for noncancellable leases of buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City of Middletown, Connecticut, is a lessor for a noncancellable leases of related to property owned by the City. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Middletown determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Leases (Continued)

Lessor (Continued)

The City of Middletown monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

G. Supplies and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Other property, plant, and equipment and right-to-use assets of the primary government, as well as the component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	50 Years
Building Improvements	25 Years
Infrastructures	35 to 70 Years
Equipment	15 Years
Vehicles	7 Years
Office Equipment	7 Years
Computer Equipment	7 Years

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net asset or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and OPEB. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pension and OPEB in the government-wide financial statements. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs and net difference between projected and actual earnings on investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases, as explained in section F. The governmental funds balance sheet also report unavailable revenues from property taxes, user charges receivable, and grants. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

L. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Termination Benefits

Sick Leave and Vacation Benefits

Employees may accumulate a limited amount of vested vacation and unused sick leave. At year-end, accumulated vacation and unused sick leave was valued at \$9,385. The General Fund generally funds the cost associated with compensated absences.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditure.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Invested in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted

Net position is restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City of Middletown City Council). A commitment of fund balance and any subsequent modifications or rescission requires a resolution of the City of Middletown City Council.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance, which has been delegated authority to assign amounts by City Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

P. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City has an annual operating budget for the General Fund and budgets for certain Special Revenue Funds: Fire District Fund, Sanitary Disposal District Fund, Water Fund, and Sewage Disposal Fund.

The City Charter requires the Mayor to submit a recommended operating budget for the General Fund and select Special Revenue Funds to the Common Council by April 1. The only Special Revenue Funds which have legally separate budgets are the Fire District Fund, Sanitary Disposal District Fund, Water Fund, and Sewage Disposal Funds. The budget provides a financial plan for the year and contains estimates of anticipated revenues and proposed expenditures. After public hearings a final budget is adopted by the Common Council by May 15.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

The budget allocations among the various organizational units, as revised by the Common Council through year-end, are included in the budget-to-actual comparisons. Total budgeted expenditures in the budget-to-actual comparison agree with the Common Council appropriations. These budgetary comparisons are made at the sub-function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of sub-function balances are not released until additional appropriations are made available.

Any revisions that alter the total expenditures of any department of the General Fund must be approved by the City Council. In addition, any revisions that alter the total budget of Special Revenue funds must be approved by the City Council. During the year General Fund appropriations increased in the amount of \$2,375. All budget amendments were processed in accordance with Charter provisions.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed or assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

The City has the following fund deficits at June 30, 2024:

	<u>Amount</u>
Capital Projects Fund*	\$ 17,069
Special Grants Fund**	418
Nonmajor Governmental Funds:	
Special Revenue Funds:	
School Cafeteria Fund **	447

* Deficit will be eliminated with future bond proceeds

** Deficit will be eliminated through future appropriations

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

City

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$82,367 of the City's bank balance of \$83,802 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 74,001
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the City's Name	8,366
Total Amount Subject to Custodial Credit Risk	<u>\$ 82,367</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

ECRRA

As of June 30, 2024, \$1,547 of ECRRA's bank balance of \$1,997 was exposed to custodial credit risk.

Cash Equivalents

City

At June 30, 2024, the City's cash equivalents amounted to \$26,741. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Fidelity*	

*Not rated

Investments

City

As of June 30, 2024, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (Years)		
		Less than One	1-10	More than 10
Interest-Bearing Investments:				
Certificates of Deposit *	\$ 31	\$ 31	\$ -	\$ -
U.S. Government Securities	34,785	-	2,764	32,021
Corporate Bonds	147,519	6,592	82,204	58,723
Total	<u>\$ 182,335</u>	<u>\$ 6,623</u>	<u>\$ 84,968</u>	<u>\$ 90,744</u>
Other Investments:				
Mutual Funds	\$ 159,973			
Common Stock	174,112			
Total Investments	<u>\$ 516,420</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk – Investments

As indicated above, State Statutes limit the investment options of cities and towns. The City has no investment policy that would further limit its investment choices. The following table provides a summary of the City's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

<u>City</u>	Corporate Bonds
Average Rating	
Aaa	\$ 13,593
Aa1	3,956
Aa2	8,980
Aa3	5,498
A1	14,073
A2	17,232
A3	21,648
Baa1	17,042
Baa2	7,268
Baa3	7,647
Ba1	448
Ba2	1,564
Ba3	3,421
B1	3,059
B2	4,650
B3	3,613
Caa1	519
Caa2	646
Ca	262
Unrated	12,400
Total	<u><u>\$ 147,519</u></u>

Concentration of Credit Risk

The City's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the City's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2024, the City's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the City's name.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	\$ 34,785	\$ 34,785	\$ -	\$ -
U.S. Government Agencies	-	-	-	-
Corporate Bonds	147,519	147,519	-	-
Common Stock	174,112	174,112	-	-
Mutual Funds	159,973	159,973	-	-
Total Investments				
by Fair Value Level	516,389	<u>\$ 516,389</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Not Included Above				
Certificates of Deposit	31			
Total Investments	<u>\$ 516,420</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTE 4 RECEIVABLES

Receivables as of year-end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Special Grants	Educational Grants	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 9,551	\$ -	\$ -	\$ -	\$ 2,325	\$ 11,876
Interest	5,277	-	-	-	1,736	7,013
Accounts and Other	136	-	-	-	3,578	3,714
Intergovernmental	-	6,368	3,136	318	531	10,353
Leases	1,099	-	-	-	-	1,099
Gross Receivables	16,063	6,368	3,136	318	8,170	34,055
Less: Allowance for Uncollectibles	500	-	-	-	-	500
Total Net Receivables	<u>\$ 15,563</u>	<u>6,368</u>	<u>\$ 3,136</u>	<u>\$ 318</u>	<u>\$ 8,170</u>	<u>\$ 33,555</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 4 RECEIVABLES OPEN (CONTINUED)

Leases Receivable

The City, acting as lessor, leases various buildings under long-term, noncancelable lease agreements. The leases expire at various dates through 2032. During the year ended June 30, 2024, the City recognized \$255 and \$22 in governmental activities in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under the lease agreement are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 308	\$ 31
2026	277	22
2027	163	15
2028	152	9
2029	134	4
2029-2032	65	1
Total Minimum Lease Payments	<u>\$ 1,099</u>	<u>\$ 82</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated and Amortized:				
Land	\$ 23,333	8	\$ -	\$ 23,341
Construction in Progress	148,691	15,782	(19,247)	145,226
Total Capital Assets Not Being Depreciated and Amortized	172,024	15,790	(19,247)	168,567
Capital Assets Being Depreciated and Amortized:				
Buildings	245,612	5,686	-	251,298
Machinery, Equipment and Building Contents	48,504	7,513	(1,040)	54,977
Infrastructure	408,664	8,014	-	416,678
Right-to-Use - Building	1,396	27	(5)	1,418
Total Capital Assets Being Depreciated and Amortized	704,176	21,240	(1,045)	724,371
Less Accumulated Depreciation and Amortization for:				
Buildings	(131,537)	(4,167)	-	(135,704)
Machinery, Equipment and Building Contents	(32,504)	(2,696)	950	(34,250)
Infrastructure	(186,260)	(7,987)	-	(194,247)
Right-to-Use - Building	(366)	(196)	5	(557)
Total Accumulated Depreciation and Amortization	(350,667)	(15,046)	955	(364,758)
Total Capital Assets Being Depreciated and Amortized, Net Governmental Activities	353,509	6,194	(90)	359,613
Capital Assets, Net	<u>\$ 525,533</u>	<u>\$ 21,984</u>	<u>\$ (19,337)</u>	<u>\$ 528,180</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 3,439
Public Safety	2,257
Public Works	1,813
Education	7,537
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 15,046</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction Commitments

The City has active construction projects as of June 30, 2024, which include roads, bridges, water and sewer lines, and school building improvements. At June 30, 2024, the City's commitments with contractors is \$63,308.

The commitments are being financed as follows:

School projects are financed by bonds and grants from the State Department of Education.

Sewer projects are financed by grants and 2% loans from the State Department of Environmental Protection.

Other projects are primarily funded by City general obligation bonds.

Discretely Presented Component Units

Activity for ECRRA for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and Systems	\$ 109,901	\$ -	\$ -	\$ 109,901
Less Accumulated Depreciation for:				
Buildings and Systems	(86,327)	(3,143)	-	(89,470)
ECRRA Capital Assets, Net	<u>\$ 23,574</u>	<u>\$ (3,143)</u>	<u>\$ -</u>	<u>\$ 20,431</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2024, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 16,663	\$ -
Capital Projects Fund	-	15,868
Educational Grants	931	527
Nonmajor Governmental Funds	1,300	2,231
Fiduciary Funds	-	268
Total	<u>\$ 18,894</u>	<u>\$ 18,894</u>

The above balances represent temporary advances for operating cash requirements.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

	Transfers In				
	General Fund	Debt Service Fund	Educational Grants	Nonmajor Governmental	Total
Transfers Out:					
General Fund	\$ -	\$ 22,771	\$ 1,683	\$ 960	\$ 25,414
Nonmajor Governmental	533	5,874	-	-	6,407
Capital Projects	-	99	-	-	99
Special Grants	108	-	-	-	108
Debt Service Fund	1,500	-	-	-	1,500
Internal Service Funds	55	-	-	-	55
Total Transfers Out	<u>\$ 2,196</u>	<u>\$ 28,744</u>	<u>\$ 1,683</u>	<u>\$ 960</u>	<u>\$ 33,583</u>

Transfers are for regularly recurring operational transfers. Interfund transfers are used to 1) to move revenues from the General Fund, Nonmajor Governmental Funds and Capital Project Funds to the Debt Service Fund to pay for principal and interest on debt, and 2) to supplement revenues to other funds such as General Fund and Nonmajor Governmental Funds as approved by City Council.

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 123,825	28,000	\$ 20,195	\$ 131,630	\$ 20,230
Direct Borrowings -					
Clean Water Notes Payable	21,763	-	1,348	20,415	1,347
Unamortized Bond Premium	17,779	1,856	4,037	15,598	-
Total Bonds and Notes Payable	163,367	29,856	25,580	167,643	21,577
Compensated Absences	9,118	377	110	9,385	3,285
Lease Liability	1,074	27	191	910	173
Net Pension Liability	33,645	-	13,634	20,011	-
Net OPEB Liability	147,308	-	239	147,069	-
Total OPEB Liability	13,163	-	313	12,850	619
Risk Management	6,631	-	153	6,478	2,113
Total Governmental Activities Long-Term Liabilities	<u>\$ 374,306</u>	<u>\$ 30,260</u>	<u>\$ 40,220</u>	<u>\$ 364,346</u>	<u>\$ 27,767</u>

Governmental fund liabilities for bonds are liquidated by the Debt Service Fund, which is funded primarily from the General Fund. Compensated absences and other postemployment benefits of the governmental activities are liquidated primarily by the General Fund. Claims are liquidated by the Internal Service Funds, but primarily funded by the General Fund.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonds payable as of June 30, 2024, are as follows:

Bonds Payable Due Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 20,230	\$ 6,306	\$ 26,536
2026	20,050	5,313	25,363
2027	16,840	4,344	21,184
2028	16,155	3,534	19,689
2029	14,270	2,745	17,015
2030-2034	42,970	4,884	47,854
2035-2039	1,115	48	1,163
Total	<u>\$ 131,630</u>	<u>\$ 27,174</u>	<u>\$ 158,804</u>

The City's outstanding clean water notes contains a provision that, in the event of default, the State may declare, by notice to the City, that the principal of and interest accrued on any outstanding amounts be immediately due and payable in full, automatically, without further notices or demand of any kind.

The following is a schedule of future minimum payments and the present value of the net minimum payments for the clean water note payables as of June 30, 2024:

Clean Water Notes Payable Due Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,347	\$ 396	\$ 1,743
2026	1,347	369	1,716
2027	1,347	342	1,689
2028	1,347	315	1,662
2029	1,347	288	1,635
2030-2034	6,736	1,037	7,773
2035-2039	6,736	363	7,099
2040-2044	208	2	210
Total	<u>\$ 20,415</u>	<u>\$ 3,112</u>	<u>\$ 23,527</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds payable at June 30, 2024, are comprised of the following:

Date	Purpose	Rate Percent	Original Issue	Debt Outstanding	Date of Fiscal Year Maturity
4/2/2015	General Purpose	2.00% to 5.00%	\$ 22,837	\$ 4,568	2026
4/2/2015	Water	2.00% to 5.00%	4,013	802	2026
4/2/2015	Sewer	2.00% to 5.00%	2,992	598	2026
4/2/2015	Schools	2.00% to 5.00%	2,459	492	2026
4/14/2016	General Purpose	3.00% to 4.00%	7,000	2,100	2027
4/12/2017	General Purpose	3.00% to 5.00%	19,000	7,600	2028
4/12/2018	General Purpose	2.00% to 5.00%	9,662	4,831	2029
4/12/2018	Schools	2.00% to 5.00%	338	169	2029
4/11/2019	General Purpose	5.00%	13,760	8,256	2030
4/11/2019	Schools	5.00%	2,700	1,620	2030
4/11/2019	Sewer	5.00%	1,087	652	2030
4/11/2019	Water	5.00%	453	272	2030
4/16/2020	General Purpose	5.00%	8,006	5,607	2031
4/16/2020	Schools	5.00%	9,052	6,335	2031
4/16/2020	Sewer	5.00%	1,650	1,155	2031
4/16/2020	Water	5.00%	792	553	2031
3/30/2021	General Purpose	5.00%	14,225	11,376	2032
3/30/2021	Schools	5.00%	24,058	19,248	2032
3/30/2021	Sewer	5.00%	3,648	2,920	2032
3/30/2021	Water	5.00%	2,069	1,656	2032
5/13/2021	General Purpose	4.00% to 5.00%	1,795	935	2036
5/13/2021	Sewer	4.00% to 5.00%	9,160	7,395	2036
3/30/2022	General Purpose	5.00%	12,431	11,195	2033
3/30/2022	Schools	5.00%	1,000	900	2033
3/30/2022	Sewer	5.00%	2,061	1,855	2033
3/30/2022	Water	5.00%	608	540	2033
11/16/2023	General Purpose	4.00% to 5.00%	23,440	23,440	2034
11/16/2023	Schools	4.00% to 5.00%	1,058	1,058	2034
11/16/2023	Sewer	4.00% to 5.00%	1,614	1,614	2034
11/16/2023	Water	4.00% to 5.00%	1,888	1,888	2034
			<u>\$ 204,856</u>	<u>\$ 131,630</u>	

Notes payable at June 30, 2024, are comprised of the following:

Principal Amount of Debt Indebtedness				Debt	Date of Fiscal
Date	Purpose	Rate Percent	Original Issue	Outstanding	Year Maturity
1/29/2021	Clean Water Fund	2 %	\$ 24,531	\$ 19,000	2040
7/12/2021	Clean Water Fund	2	1,751	1,415	2040
			<u>\$ 26,282</u>	<u>\$ 20,415</u>	

Bonds authorized and unissued amounted to \$79 million at June 30, 2024.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

The total of the City's indebtedness does not exceed the legal debt limitation of \$1,044 million. The limitation is seven times the base of annual receipts from taxation as defined.

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 335,720	\$ 134,269	\$ 201,451
Schools	671,441	30,511	640,930
Sewer	559,534	65,178	494,356
Urban Renewal	484,929	-	484,929
Pension Deficit	447,627	-	447,627

Leases

The City leases real estate under a long-term, noncancelable lease agreement. The lease expires at various dates through 2029.

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 173	\$ 33
2026	174	26
2027	181	19
2028	188	11
2029	194	3
Total Minimum Lease Payments	<u>\$ 910</u>	<u>\$ 92</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class:

	Governmental Activities
Building	\$ 1,415
Equipment	3
Less: Accumulated Amortization	(557)
Total	<u>\$ 861</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 8 FUND BALANCE

The component of fund balance for the governmental funds at June 30, 2024, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Special Grants Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ 68
Restricted for:							
Grants	-	-	-	-	7	1,183	1,190
Permanent Funds	-	-	-	-	-	1,375	1,375
Debt Service	-	5,856	-	-	-	-	5,856
Committed to:							
Fire District	-	-	-	-	-	1,298	1,298
Sanitary Disposal District	-	-	-	-	-	611	611
Water Distribution Operations	-	-	-	-	-	568	568
Landfill Waste and Recycling	-	-	-	-	-	919	919
Sewer Operations	-	-	-	-	-	2,747	2,747
Middletown Business Improvement	-	-	-	-	-	11	11
Sewage Disposal	-	-	-	-	-	4,124	4,124
Police Benevolence	-	-	-	-	-	3	3
Library	-	-	-	-	-	13	13
Dog Fund	-	-	-	-	-	8	8
Parking District	-	-	-	-	-	103	103
Student Activities	-	-	-	-	-	603	603
Capital Projects	-	-	-	-	-	5,531	5,531
Assigned to:							
General Government	403	-	-	-	-	-	403
Public Safety	87	-	-	-	-	-	87
Public Works	282	-	-	-	-	-	282
Health and Human Resources	18	-	-	-	-	-	18
Culture And Recreation	13	-	-	-	-	-	13
Education	53	-	-	-	-	-	53
Assigned for Subsequent Year's Budget	4,740	-	-	-	-	-	4,740
Unassigned	40,173	-	(17,069)	(418)	-	(515)	22,171
Total Fund Balances	<u>\$ 45,769</u>	<u>\$ 5,856</u>	<u>\$ (17,069)</u>	<u>\$ (418)</u>	<u>\$ 7</u>	<u>\$ 18,650</u>	<u>\$ 52,795</u>

Significant encumbrances at June 30, 2024, are contained in the above table. General Fund encumbrances amounted to \$856.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 9 RISK MANAGEMENT

The City is exposed to various risks of loss including, but not limited to claims for personal injury and property damage; theft, damage to City property; errors and omissions claims; employee injuries and illnesses, both work-related and nonwork-related. The City's comprehensive insurance program including property and liability, workers' compensation, and employee health benefits is overseen by the Office of the General Counsel.

Property and Casualty Insurance Program (Not Rounded)

The City maintains property coverage as listed below:

Automobile Physical Damage coverage includes actual cash value, subject to a \$25,000 deductible for both comprehensive and collision.

Property Insurance totaling an amount equal to the replacement cost value of City-owned property including contents, subject to a \$50,000 deductible. Said coverage also includes specific sub-limits for fine arts, flood, earthquake, and other potential property related losses. Vacant City-owned property is insured on an actual cash value basis.

Boiler and Machinery coverage with a limit of \$100,000,000 per accident, subject to a \$50,000 deductible.

With respect to liability coverage, the City's current program provides:

\$3,000,000 general aggregate - \$1,000,000 per occurrence General Liability; \$1,000,000 per occurrence Automobile Liability; and \$1,000,000 each claim Employee Benefits Liability (claims made). This coverage is not subject to a deductible, except for Employee Benefits Liability which is subject to a \$1,000 deductible. Automobile liability uninsured/underinsured motorist coverage with a limit of \$40,000 each occurrence.

Excess Liability (excess over General Liability, Automobile Liability, Law Enforcement Liability, Public Officials, School Board Legal Liability, and Employers' Liability) with a limit of \$10,000,000 each occurrence and aggregate.

School Leaders Legal (claims made) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

Public Officials Liability (claims made) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

Law Enforcement Liability (occurrence) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

The City further maintains the required bonding for the Tax Collector in the amount of \$400,000 and for the Superintendent of Highways in the amount of \$50,000.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 9 RISK MANAGEMENT (CONTINUED)

Workers' Compensation Insurance (Not Rounded)

The City self-insured its Workers' Compensation Program, which is comprised of two parts: third party claims administration and managed medical care, both of which are administered by an outside vendor hired by the City.

Workers' Compensation and Employers' Liability coverage, subject to a self-insured retention limit of \$650,000 for all employees, for each accident and each employee for disease with statutory limits for Workers' Compensation and \$1,000,000 Employers Liability.

Employee Health Benefits (Not Rounded)

The City's current employee/retiree medical benefit program is self-insured with stop-loss insurance limits of \$200,000 per individual and 120% aggregate. The City further provides employees and retirees with dental and prescription drug coverage, both of which are self-insured. The City maintains prescription drug excess loss coverage with an annual attachment point of \$9,000,000. There is no stop-loss insurance for dental coverage. Employees and retirees also receive life insurance which is fully insured.

Outstanding Liabilities

Property and Liability

At the close of June 30, 2024, the City reported an outstanding liability of \$900 for claims incurred during the 2023-2024 fiscal year, as well as prior years' claims within the deductible and self-insured retentions.

Workers' Compensation

At the close of June 30, 2024, the City reported an outstanding liability of \$3,465 for claims incurred during the 2023-2024 fiscal year, as well as claims pending from prior years.

Employee Health Benefits

At the close of June 30, 2024, the City reported an outstanding liability of \$2,113 (medical/ dental/prescription drug) for claims incurred but not reported during the 2023-2024 fiscal year.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 9 RISK MANAGEMENT (CONTINUED)

Outstanding Liabilities (Continued)

Employee Health Benefits (Continued)

The following schedule reflects the change in the estimated liability for the last two fiscal years:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
<u>Health Benefits Fund</u>				
2022-23	\$ 2,117	\$ 12,656	\$ 12,499	\$ 2,274
2023-24	2,274	14,216	14,377	2,113
<u>Property and Casualty Fund</u>				
2022-23	800	576	676	700
2023-24	700	405	205	900
<u>Workers' Compensation Fund</u>				
2022-23	3,465	2,444	2,252	3,657
2023-24	3,657	1,485	1,677	3,465

NOTE 10 CONTINGENT LIABILITIES

In December 1990, ECRRA was formed. ECRRA is a public body politic and corporate of the State of Connecticut, organized and existing pursuant to the Connecticut General Statutes and an Ordinance adopted by the Common Council of the City of Middletown. ECRRA was created to develop, finance, construct, and operate a solid waste resource recovery system.

At June 30, 2024, the City was the only member of ECRRA. ECRRA is empowered to issue revenue bonds and use the proceeds to acquire and construct such systems upon approval of each member's governing body. On June 17, 1993, the Common Council of the City approved the issuance of \$150 million of ECRRA revenue bonds for the cost of a solid waste facility. In October 1993, revenue bonds amounting to \$128,150 were issued by the Authority. The City has no financial obligation regarding any of ECRRA's activities, contracts, or indebtedness. At June 30, 2024, ECRRA has no outstanding bonds.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 10 CONTINGENT LIABILITIES (CONTINUED)

On January 18, 1996 ECRRA's 500-ton per day resource recovery facility, located in Lisbon Connecticut, commenced commercial operations. Under the project documents, the City has no requirement to deliver acceptable waste to the project or to pay disposal fees to ECRRA, However the City has the option, exercisable annually, to elect to enter into a waste disposal agreement with ECRRA upon the most favorable terms provided by ECRRA to any other waste supplier. At June 30, 2024 the City has not elected to enter into a waste disposal agreement with ECRRA.

NOTE 11 POSTEMPLOYMENT BENEFITS

City and Board of Education

A. Plan Description

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The City does not issue separate stand-alone financial statements for the plan.

The postemployment benefits plan is a single-employer plan, and is administered by the Retirement Board consisting of eight members: two members of the Common Council (with one member from each political party); the City's Director of Finance; three citizens of the City of Middletown, provided that one such seat shall be held by a former finance director, until his resignation, death or expiration of his term without reappointment; one citizen of the City of Middletown who is also a member of the Plan; and the Mayor, ex officio. In no event shall more than five of the Retirement Board's members belong to any one political party, as determined based upon each member's registered party affiliation, excluding from consideration the City's Director of Finance.

B. Funding Policy

The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Generally, retirees and their dependents are covered for those City employees who have 15 years of service. Eligible retirees may either commence benefits immediately or defer coverage to a future date. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

B. Funding Policy (Continued)

City employees must elect one of two pension options; the options that apply vary dependent upon their union affiliation and the health insurance benefits to which they are entitled are determined based on their selected pension option. Depending on which pension option is selected, City employees who are members of Local 466, Teamsters, Police and Fire will pay the same the cost-share percentage as actives for health insurance benefits, capped at 25% for life, or pay a premium cost-share percentage for health insurance benefits based on age at retirement.

New members of the bargaining units, upon retirement, have the same pension options; however, the health insurance benefits to which they are entitled are reduced and vary by union group.

All pre-2005 retirees are under different funding rules. In addition, subject to the same premium cost-sharing contribution as active employees, a surviving spouse is covered until death or remarriage. Dental coverage is provided for all retirees, including eligible surviving spouses.

The waiver of contribution offering that applied to retirees electing coverage in the City's point-of-service plan option was discontinued as of March 1, 2009. All retirees, regardless of plan choice, now make a contribution toward the cost of coverage.

The Board of Education employees are eligible at the same time they are eligible for benefits under the plan with the State of Connecticut Teachers Retirement Board (TRB). Teachers contribute 100% of the premium less the TRB subsidy. Teachers over the age of 65 who are not eligible for Medicare, shall be allowed to purchase the coverage at no cost to the Board and are given the TRB subsidy; nonunion administration have no contribution up to the age of 65 and 20% after age 65, and union administration, pre-65 retiree pays excess over board payment. TRB subsidy is applied. If over 65 and not eligible for Medicare, retiree pays 100% of premium less the TRB subsidy.

At July 1, 2022, plan membership consisted of the following:

	City	BOE	Total
Active Plan Members	553	499	1,052
Retired and Spouses Members	772	46	818
Total Participants	<u>1,325</u>	<u>545</u>	<u>1,870</u>

C. Investments

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the retirement board by a majority vote of its members.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

C. Investments (Continued)

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 5.84% for the City. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability – City

The City's net OPEB liability was measured as of June 30, 2024. The components of the Net OPEB liability of the City at June 30, 2024, were as follows:

Total OPEB Liability	\$ 184,199
Plan Fiduciary Net Position	<u>37,130</u>
Net OPEB Liability	<u><u>\$ 147,069</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.16%
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City

Inflation	2.40% (Prior 2.40%)
Salary Increases	3.00% - 8.00%
Investment Rate of Return	6.90%
Healthcare Cost Trend Rates	6.5% for 2022, Decreasing 0.20% Per Year to an Ultimate Rate of 4.40% for 2033 and Later Years

BOE

Inflation	2.40% (Prior 2.21%)
Salary Increases	4.00%
Discount Rate	3.54% (Prior: 2.21%)
Healthcare Cost Trend Rates	6.5% for 2022, Decreasing 0.20% Per Year to an Ultimate Rate of 4.40% for 2033 and Later Years
Retirees' Share of Benefit Related Costs	There is No Retiree Cost for Medical and Dental Prior to Age 65. Retirees Pay 20% at Age 65 and Over.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

D. Net OPEB Liability – City (Continued)

City

Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021. Prior: Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020.

The plan does not have sufficient credible data on which to perform an experience study.

BOE

Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table for Teachers with separate tables for annuitants and nonannuitants, projected to the valuation date with Scale MP-2021. Prior: Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table for Teachers with separate tables for annuitants and nonannuitants, projected to the valuation date with Scale MP-2020.

No actuarial experience study was completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2024, are summarized in the following table:

City

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	24.50 %	5.00 %
Mid Cap	7.50	5.30
Small Cap	7.00	5.30
International Developed Equities	16.50	6.40
International Emerging Market Equities	5.50	7.70
Real Estate	4.00	4.90
U.S. Investment Grade Bonds	30.50	2.05
U.S. High Yield Bonds	4.50	4.05
Total	100.00 %	

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

D. Net OPEB Liability – City (Continued)

Discount Rate

The discount rate used to measure the City net OPEB liability was 6.90%, prior 6.14%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

E. Changes in the Net OPEB Liability – City

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2023	\$ 177,990	\$ 30,682	\$ 147,308
Changes for the Year:			
Service Cost	3,323	-	3,323
Interest on Total OPEB Liability	12,091	-	12,091
Difference Between Expected and Actual Experience	3,177	-	3,177
Changes of Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Employer Contributions	-	13,179	(13,179)
Employee Contributions	-	57	(57)
Other Revenue	-	1,808	(1,808)
Net Investment Income (Loss)	-	3,839	(3,839)
Benefit Payments	(12,382)	(12,382)	-
Administrative Expense	-	(53)	53
Net Changes	6,209	6,448	(239)
Balances as of June 30, 2024	<u>\$ 184,199</u>	<u>\$ 37,130</u>	<u>\$ 147,069</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

E. Changes in the Net OPEB Liability – City (Continued)

Changes in the Total OPEB Liability - BOE

	Total OPEB Liability
Balances as of July 1, 2023	\$ 13,163
Changes for the Year:	
Service Cost	154
Interest on Total OPEB Liability	477
Difference Between Expected and Actual Experience	(58)
Changes in Assumptions or Other Inputs	(367)
Benefit Payments	(519)
Net Changes	(313)
Balances as of June 30, 2024	<u>\$ 12,850</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

City

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Liability	<u>\$ 170,982</u>	<u>\$ 147,069</u>	<u>\$ 127,443</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the BOE, as well as what the BOE's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

BOE

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	<u>\$ 14,236</u>	<u>\$ 12,850</u>	<u>\$ 11,657</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

E. Changes in the Net OPEB Liability – City (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

City

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Net OPEB Liability	<u>\$ 125,248</u>	<u>\$ 147,069</u>	<u>\$ 173,912</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the BOE, as well as what the BOE's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

BOE

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Total OPEB Liability	<u>\$ 11,384</u>	<u>\$ 12,850</u>	<u>\$ 14,571</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense (benefit) of (\$19,302), of which (\$18,389) was reported for the City plan and (\$913) was reported for the BOE plan. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		BOE		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,639	\$ 27,021	\$ -	\$ 11,766	\$ 4,639	\$ 38,787
Changes of Assumptions	8,372	53,960	3,915	6,744	12,287	60,704
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	741	-	-	-	741
Total	<u>\$ 13,011</u>	<u>\$ 81,722</u>	<u>\$ 3,915</u>	<u>\$ 18,510</u>	<u>\$ 16,926</u>	<u>\$ 100,232</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	City	BOE	Total
2025	\$ (23,090)	\$ (1,436)	\$ (24,526)
2026	(27,470)	(1,436)	(28,906)
2027	(13,584)	(1,436)	(15,020)
2028	(5,097)	(1,436)	(6,533)
2029	530	(1,436)	(906)
Thereafter	-	(7,415)	(7,415)
Total	<u>\$ (68,711)</u>	<u>\$ (14,595)</u>	<u>\$ (83,306)</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan – Other Postemployment Benefit

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions (Not in Thousands)

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option, must wait two years to re-enroll.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan – Other Postemployment Benefit (Continued)

B. Benefit Provisions (Not in Thousands) (Continued)

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement or Medicare Advantage Plan options, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan – Other Postemployment Benefit (Continued)

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2024, the amount of "on-behalf" contributions made by the State was \$201 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the City was as follows:

City's Proportionate Share of the Net OPEB Liability	\$ -
State's Proportionate Share of the Net OPEB Liability	
Associated with the City	14,948
Total	<u>\$ 14,948</u>

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023. At June 30, 2024, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2024, the City recognized OPEB expense and revenue of (\$1,761) in Exhibit II for on-behalf amounts for the benefits provided by the State.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan – Other Postemployment Benefit (Continued)

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Healthcare Cost Trend Rates	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary Increases	3.00-6.50% Including Inflation
Investment Rate of Return	3.00%, net of OPEB plan investment expense, including inflation.
Year Fund Net Position Will Be Depleted	2028

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 3.53% to 3.64%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan – Other Postemployment Benefit (Continued)

F. Actuarial Assumptions (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.77%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2023.

In addition to the actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2028 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan – Other Postemployment Benefit (Continued)

I. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Middletown Retirement System Fund

A. Plan Description and Benefits Provided (not in thousands)

The City is the administrator of the Middletown Retirement System Fund, a single-employer defined benefit Public Employee Retirement System (PERS) established and administered by the City to provide pension benefits for its nonteacher employees. The PERS provides retirement disability, and death benefits to plan members and beneficiaries. The Charter provides the City Council with the authority to establish and amend benefit provisions, by ordinance, through the Retirement Board. The PERS is considered to be part of the City of Middletown's financial reporting entity and is included in the City's financial reports as a pension trust fund. Stand-alone financial statements are not issued.

Under the plan, all full-time employees are eligible to join. Firemen are 100% vested after 20 years of continuous service, all other employees are 100% vested after 10 years of continuous service. Employees who retire at normal retirement, (20 years for police and 22 years of service for fire and general government employees at any age, or after 15 years of service having attained age 65), receive a retirement benefit of 2 1/4% (Police and Fire 2 1/2%) of average annual pay during 4 (Police 3) consecutive highest-paid years times number of years of service. The maximum benefit is 70% of pay; the minimum benefit for 20 years of service is \$100 per month.

The retirement system of the City is vested in a Retirement Board consisting of eight members, not more than five of whom shall belong to any one political party, as follows: two members of the City Council (a representative from each political party); the City Director of Finance; four citizens of the City of Middletown, one of whom shall be a member of the retirement system elected by the members thereof; and the Mayor, ex officio. All members, except the Director of Finance, the Mayor, and the member of the retirement system, shall be appointed by the Mayor with the advice and consent of the City Council.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

A. Plan Description and Benefits Provided (not in thousands) (Continued)

At July 1, 2023, PERS membership consisted of:

Retirees, Disabled, and Beneficiaries Currently Receiving Benefits	546
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	35
Active Plan Members	581
Total	<u><u>1,162</u></u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to Plan provisions and contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with terms of the Plan. Administrative costs are funded through investment earnings.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned.

C. Funding Status and Progress

Employees are required to contribute 6% of their earnings to the PERS. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 0% - General Government, 3.6% - Firefighters, and 3.1% - Police, of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended by the City Council subject to union negotiations. Effective July 1, 2003, police employees contribute 6.5% of their earnings to the PERS. Compensation is expanded by including longevity pay (effective July 1, 2002) and holiday pay (effective July 1, 2004).

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

D. Investments (Continued)

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2024, were as follows:

Total Pension Liability	\$ 505,494
Plan Fiduciary Net Position	485,483
Net Pension Liability	<u>\$ 20,011</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.04 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation and measurement date as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Rates Vary by Age
Investment Rate of Return	6.90%

Mortality rates were based Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP 2021. Prior: Mortality rates were based Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP 2020.

The plan does not have sufficiently credible data to perform an experience study.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	21.00 %	5.15 %
Mid Cap	7.00	5.73
Small Cap	6.00	6.48
International Developed Equities	13.00	6.23
International Emerging Market Equities	8.00	8.40
Real Estate	5.00	5.52
U.S. Investment Grade Bonds	35.50	1.71
U.S. High Yield Bonds	4.50	4.02
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.90%, prior 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Discount Rate (Continued)

	Employees' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances as of July 1, 2023	\$ 495,390	\$ 461,745	\$ 33,645
Changes for the Year:			
Service Cost	10,172	-	10,172
Interest on Total Pension Liability	34,041	-	34,041
Differences Between Expected and Actual Experience	5,659	-	5,659
Effect of Assumptions Changes or Inputs	(14,912)	-	(14,912)
Benefit Payments	(24,856)	(24,856)	-
Employer Contributions	-	4,698	(4,698)
Member Contributions	-	3,544	(3,544)
Net Investment Income	-	40,352	(40,352)
Net Changes	10,104	23,738	(13,634)
Balances as of June 30, 2024	<u>\$ 505,494</u>	<u>\$ 485,483</u>	<u>\$ 20,011</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension (Asset) Liability	<u>\$ 86,293</u>	<u>\$ 20,011</u>	<u>\$ (34,673)</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense of \$19,779. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Employees' Pension Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 8,924	\$ 163
Changes of Assumptions	4,294	12,467
Net Difference Between Projected and Actual Earning on Pension Plan Investments	24,095	-
Total	<u>\$ 37,313</u>	<u>\$ 12,630</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 9,885
2026	24,188
2027	(4,462)
2028	(3,259)
2029	(1,517)
Thereafter	(152)
Total	<u>\$ 24,683</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Trust Fund Financial Statements

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash And Cash Equivalents	\$ 4,062	\$ 2,101	\$ 6,163
Investments:			
U.S. Government Securities	34,785	-	34,785
Corporate Bonds	147,519	-	147,519
Common Stock	167,278	6,835	174,113
Mutual Funds	130,593	28,200	158,793
Receivables:			
Accrued Investment Income	1,735	1	1,736
Total Assets	<u>485,972</u>	<u>37,137</u>	<u>523,109</u>
LIABILITIES			
Vouchers And Other Payables	221	7	228
Due To Other Funds	<u>268</u>	<u>-</u>	<u>268</u>
Total Liabilities	<u>489</u>	<u>7</u>	<u>496</u>
NET POSITION			
Net Position Restricted for Pension and OPEB Benefits	<u>\$ 485,483</u>	<u>\$ 37,130</u>	<u>\$ 522,613</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Trust Fund Financial Statements (Continued)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,698	\$ 13,179	\$ 17,877
Plan Members	3,544	57	3,601
Other Revenue	-	1,808	1,808
Total Contributions	<u>8,242</u>	<u>15,044</u>	<u>23,286</u>
Investment Income:			
Net Change in Fair Value of Investments	31,211	3,547	34,758
Interest and Dividends	<u>10,133</u>	<u>292</u>	<u>10,425</u>
Total Investment Gain (Loss)	41,344	3,839	45,183
Investment Fees	<u>(992)</u>	<u>-</u>	<u>(992)</u>
Net Investment Income (Loss)	<u>40,352</u>	<u>3,839</u>	<u>44,191</u>
Total Additions	48,594	18,883	67,477
DEDUCTIONS			
Benefits	24,856	12,382	37,238
Administrative	<u>-</u>	<u>53</u>	<u>53</u>
Total Deductions	<u>24,856</u>	<u>12,435</u>	<u>37,291</u>
CHANGE IN NET POSITION	23,738	6,448	30,186
Net Position - Beginning of Year	<u>461,745</u>	<u>30,682</u>	<u>492,427</u>
NET POSITION - END OF YEAR	<u><u>\$ 485,483</u></u>	<u><u>\$ 37,130</u></u>	<u><u>\$ 522,613</u></u>

Connecticut Teachers Retirement System – Pension

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

B. Benefit Provisions

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2024, the amount of "on-behalf" contributions made by the State was \$14,805 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability	
Associated with the City	159,557
Total	<u>\$ 159,557</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. At June 30, 2024, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2024, the City recognized pension expense and revenue of \$15,277 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.00-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Global Equity	6.80 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.10	10.00
Real Estate	6.20	10.00
Infrastructure and Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The City's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the state of Connecticut.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

NOTE 13 LITIGATION

There are a number of suits and claims pending against the City, none of which, individually or in the aggregate, is believed by counsel to result in a judgment or judgments that would materially affect the City's financial position.

NOTE 14 TAX ABATEMENTS

As of June 30, 2024, the City provides tax abatements to attract new firms to the City and to promote expansion of existing businesses and industry and enhance the quality of life of the citizens of the City. It is the intent of the City to assist companies in creating jobs for local area residents; create long-term tax base growth through the replacement, reconstruction, expansion, and remodeling of existing business and industrial facilities, where appropriate and environmentally sound; encourage the construction of new facilities, when necessary; and generating new demand for existing local businesses goods and services through a "spinoff" effect of employers' decisions to either expand or locate to the City. For the fiscal year ended June 30, 2024, taxes abated through this program total \$2,528. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
General Property Taxes	\$ 130,717	\$ 130,717	\$ 129,884	\$ (833)
Penalties and Interest on Delinquent Taxes	607	607	1,456	849
Total Taxes	131,324	131,324	131,340	16
Licenses and Permits:				
Business Licenses and Permits	70	70	144	74
Nonbusiness Licenses and Permits	575	575	1,530	955
Total Licenses and Permits	645	645	1,674	1,029
Intergovernmental Revenues	38,483	38,483	41,706	3,223
Charges for Services:				
General Government	2,167	2,167	3,236	1,069
Public Safety	2,031	2,031	2,926	895
Culture and Recreation	240	240	342	102
Total Charges for Services	4,438	4,438	6,504	2,066
Miscellaneous Revenue:				
Interest	1,000	1,000	3,104	2,104
Other	16,754	16,754	4,283	(12,471)
Total Miscellaneous Revenue	17,754	17,754	7,387	(10,367)
Total Revenues	192,644	192,644	188,611	(4,033)
OTHER FINANCING SOURCES				
Transfers in	2,355	2,355	2,196	(159)
Total Other Financing Sources	2,355	2,355	2,196	(159)
Total	<u>\$ 194,999</u>	<u>\$ 194,999</u>	<u>\$ 190,807</u>	<u>\$ (4,192)</u>

Budgetary Revenues are Different than GAAP Revenues Because:

State of Connecticut "On-Behalf" Contributions to the Connecticut
State Teachers' Retirement System for City Teachers are not Budgeted:

Pension	\$ 14,805
OPEB	201
Lease activity not budgeted	37

Total Revenues and Other Financing Sources as Reported
on the Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds - Exhibit IV

\$ 205,850

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES				
General Government:				
Mayor's Office	\$ 1,025	\$ 1,018	\$ 761	\$ 257
Finance	3,003	3,044	3,038	6
Town Clerk	386	404	398	6
City Attorney	970	1,032	1,032	-
Tax Collector	517	421	421	-
Registrar of Voters	418	423	387	36
Tax Assessor	512	548	542	6
Common Council	252	258	230	28
Office of Equity and Diversity Management	257	283	278	5
Planning Conservation and Development	-	-	-	-
Personnel Department	412	381	378	3
Land Use	528	560	559	1
Treasurer	2	2	2	-
Computer/Telecommunication	2,423	2,397	2,353	44
Total	10,705	10,771	10,379	392
Public Safety:				
Police	17,058	17,960	17,960	-
Office of Emergency Management	95	95	69	26
Canine Control	296	289	289	-
Parking Authority/ECD	1,595	1,475	1,444	31
Fire Alarms	236	248	236	12
Central Communications	2,653	2,642	2,642	-
Total	21,933	22,709	22,640	69
Public Works:				
Administration	529	496	493	3
Inspections and Permits	398	422	415	7
Garage, Highway and Engineering	4,191	4,346	4,320	26
Building and Grounds	520	743	723	20
Sanitation Landfill	206	209	199	10
Traffic Paint	197	186	181	5
Parking Lots	1,779	1,867	1,865	2
Town Aid	586	590	588	2
Recycling	206	200	188	12
Total	8,612	9,059	8,972	87

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health	\$ 954	\$ 941	\$ 941	\$ -
Parks and Recreation	2,600	2,671	2,653	18
Russell Library	3,398	3,339	3,330	9
Education	98,204	96,521	96,521	-
Sundry Municipal Services:				
Youth Services	320	341	340	1
Human Relations	491	576	561	15
Reserve for Salaries	652	620	-	620
Total	1,463	1,537	901	636
Special Accounts	1,398	1,598	1,448	150
Employee Benefits	19,168	19,262	19,260	2
Insurance - Bonds	2,548	2,548	2,548	-
Total Expenditures	170,983	170,956	169,593	1,363
Other Financing Uses:				
Transfers Out	24,016	26,418	25,414	1,004
Total	\$ 194,999	\$ 197,374	\$ 195,007	\$ 2,367

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for City teachers are not budgeted:

Pension	\$ 14,805
OPEB	201

Lease proceeds activity not budgeted for	27
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Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes

25

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 210,065

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MIDDLETOWN RETIREMENT SYSTEM FUND
LAST TEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 10,172	\$ 10,145	\$ 9,856	\$ 9,381	\$ 8,903	\$ 8,864	\$ 8,452	\$ 8,184	\$ 7,434	\$ 6,840
Interest	34,041	32,516	30,940	29,119	27,705	26,706	25,332	24,146	23,780	23,472
Changes of Benefit Terms	-	-	-	-	-	-	-	726	-	-
Differences Between Expected and Actual Experience	5,659	3,491	4,221	1,659	(4,242)	(2,950)	3,084	995	(6,518)	(2,268)
Changes of Assumptions	(14,912)	-	6,531	6,179	6,639	-	-	4,305	9,310	(692)
Benefit Payments, Including Refunds of Member Contributions	(24,856)	(23,344)	(21,874)	(19,743)	(18,823)	(17,978)	(17,344)	(16,314)	(15,704)	(15,195)
Net Change in Total Pension Liability	10,104	22,808	29,674	26,595	20,182	14,642	19,524	22,042	18,302	12,157
Total Pension Liability - Beginning	495,390	472,582	442,908	416,313	396,131	381,489	361,965	339,923	321,621	309,464
Total Pension Liability - Ending	505,494	495,390	472,582	442,908	416,313	396,131	381,489	361,965	339,923	321,621
Plan Fiduciary Net Position:										
Contributions - Employer	4,698	4,208	4,295	4,271	4,192	4,008	3,401	2,807	2,630	2,794
Contributions - Member	3,544	3,118	3,067	2,867	2,841	2,621	2,674	2,488	2,410	2,282
Net Investment Income (Loss)	40,352	38,837	(93,224)	109,083	28,598	27,604	28,738	44,095	(758)	10,261
Benefit Payments, Including Refunds of Member Contributions	(24,856)	(23,344)	(21,874)	(19,743)	(18,823)	(17,977)	(17,344)	(16,314)	(15,704)	(15,195)
Administrative Expense	-	-	-	-	-	-	-	-	(4)	(10)
Other	-	-	-	-	-	21	-	10	-	-
Net Change in Plan Fiduciary Net Position	23,738	22,819	(107,736)	96,478	16,808	16,277	17,469	33,086	(11,426)	132
Plan Fiduciary Net Position - Beginning	461,745	438,926	546,662	450,184	433,376	417,099	399,630	366,544	377,970	377,838
Plan Fiduciary Net Position - Ending	485,483	461,745	438,926	546,662	450,184	433,376	417,099	399,630	366,544	377,970
Net Pension Liability (Asset) - Ending	\$ 20,011	\$ 33,645	\$ 33,656	\$ (103,754)	\$ (33,871)	\$ (37,245)	\$ (35,610)	\$ (37,665)	\$ (26,621)	\$ (56,349)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	96.04 %	93.21 %	92.88 %	123.43 %	108.14 %	109.40 %	109.33 %	110.41 %	107.83 %	117.52 %
Covered Payroll	\$ 47,664	\$ 43,545	\$ 44,772	\$ 45,652	\$ 43,056	\$ 41,535	\$ 41,276	\$ 39,021	\$ 38,802	\$ 36,908
Net Pension Liability (Asset) as a Percentage of Covered Payroll	41.98 %	77.26 %	75.17 %	(227.27)%	(78.67)%	(89.67)%	(86.27)%	(96.52)%	(68.61)%	(152.67)%

**CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MIDDLETOWN RETIREMENT SYSTEM FUND
LAST TEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 4,698	\$ 4,208	\$ 4,295	\$ 4,271	\$ 4,192	\$ 4,008	\$ 3,401	\$ 2,807	\$ 2,630	\$ 2,794
Contributions in Relation to the Actuarially Determined Contribution	4,698	4,208	4,295	4,271	4,192	4,008	3,401	2,807	2,630	2,794
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 47,664	\$ 43,545	\$ 44,772	\$ 45,652	\$ 43,056	\$ 41,535	\$ 41,276	\$ 39,021	\$ 38,802	\$ 36,908
Contributions as a Percentage of Covered Payroll	9.86 %	9.66 %	9.59 %	9.36 %	9.74 %	9.65 %	8.24 %	7.19 %	6.78 %	7.57 %

Notes To Schedule:

Valuation Date:

7/1/2022

Measurement Date:

June 30, 2024

Valuation Timing

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods And Assumptions
Used to Determine
Contribution Rates:**

Actuarial Cost Method

Entry Age Normal (level percentage of salary)

Amortization Method

Level dollar, open

Remaining Amortization Period

15 years

Asset Valuation Method

Fair Value over a 5-year period, 20% per year.

Inflation

2.50%

Salary Increases

Graded salary growth with an ultimate rate of 3.0%

Investment Rate of Return

6.90% (Prior: 6.90%)

Cost of Living Adjustment

CPI with max adjustment at 3.00% per year

Retirement Age

Rates based on age and service

Turnover

Rates based on age

Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2021.

Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
MIDDLETOWN RETIREMENT SYSTEM FUND
LAST TEN FISCAL YEARS
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.86 %	8.98 %	(17.25)%	24.48 %	6.67 %	6.69 %	7.27 %	12.18 %	(0.20)%	2.74 %

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS' RETIREMENT PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
City's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated With the City	159,557	169,943	138,030	174,279	151,698	116,968	117,815	124,296	93,951	86,839
Total	<u>\$ 159,557</u>	<u>\$ 169,943</u>	<u>\$ 138,030</u>	<u>\$ 174,279</u>	<u>\$ 151,698</u>	<u>\$ 116,968</u>	<u>\$ 117,815</u>	<u>\$ 124,296</u>	<u>\$ 93,951</u>	<u>\$ 86,839</u>
City's Covered Payroll	\$ 46,896	\$ 45,440	\$ 43,470	\$ 41,393	\$ 39,504	\$ 37,897	\$ 36,153	\$ 35,727	\$ 34,804	\$ 34,168
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.39 %	54.06 %	60.77 %	49.24 %	52.00 %	57.69 %	55.93 %	52.26 %	59.50 %	61.51 %

Notes To Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	27.8 years
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, net of investment related expense

Notes:

The measurement date is one year earlier than the employer's reporting date.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF CHANGES IN CITY NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN – CITY
LAST EIGHT YEARS
JUNE 30, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 3,323	\$ 4,934	\$ 7,976	\$ 13,367	\$ 9,370	\$ 11,275	\$ 11,467	\$ 5,045
Interest	12,091	12,470	10,788	9,428	10,662	12,844	11,919	13,352
Changes of Benefit Terms	-	-	-	-	-	831	-	-
Differences Between Expected and Actual Experience	3,177	(14,541)	3,859	(55,831)	840	(62,391)	333	5
Changes of Assumptions	-	(17,259)	(63,815)	(37,530)	54,880	12,004	(14,235)	108,209
Benefit Payments	(12,382)	(11,386)	(12,625)	(10,076)	(10,056)	(9,492)	(10,001)	(8,516)
Net Change In Total OPEB Liability	6,209	(25,782)	(53,817)	(80,642)	65,696	(34,929)	(517)	118,095
Total OPEB Liability - Beginning	177,990	203,772	257,589	338,231	272,535	307,464	307,981	189,886
Total OPEB Liability - Ending	184,199	177,990	203,772	257,589	338,231	272,535	307,464	307,981
Plan Fiduciary Net Position:								
Contributions - Employer	13,179	14,558	15,076	11,276	12,156	10,096	10,601	10,124
Contributions - Member	57	44	20	18	9	-	-	-
Net Investment Income (Loss)	3,839	2,677	(4,177)	5,030	411	1,195	78	1,041
Benefit Payments	(12,382)	(11,386)	(12,624)	(10,076)	(10,056)	(9,492)	(10,001)	(8,516)
Other	1,808	936	-	1,151	(104)	-	-	-
Administrative	(53)	(42)	(24)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,448	6,787	(1,729)	7,399	2,416	1,799	678	2,649
Plan Fiduciary Net Position - Beginning	30,682	23,895	25,624	18,225	15,809	14,010	13,332	10,683
Plan Fiduciary Net Position - Ending	37,130	30,682	23,895	25,624	18,225	15,809	14,010	13,332
Net OPEB Liability - Ending	<u>\$ 147,069</u>	<u>\$ 147,308</u>	<u>\$ 179,877</u>	<u>\$ 231,965</u>	<u>\$ 320,006</u>	<u>\$ 256,726</u>	<u>\$ 293,454</u>	<u>\$ 294,649</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.16 %	17.24 %	11.73 %	9.95 %	5.39 %	5.80 %	4.56 %	4.33 %
Covered Payroll	\$ 47,248	\$ 46,141	\$ 47,792	\$ 46,672	\$ 43,520	\$ 42,459	\$ 40,060	\$ 39,083
Net OPEB Liability as a Percentage of Covered Payroll	311.27 %	319.26 %	376.37 %	497.01 %	735.31 %	604.64 %	732.54 %	753.91 %

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB PLAN – CITY
LAST TEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (1)	\$ 13,169	\$ 14,012	\$ 13,607	\$ 14,233	\$ 13,801	\$ 16,469	\$ 16,253	\$ 13,728	\$ 13,373	\$ 11,808
Contributions in Relation to the Actuarially Determined Contribution	13,179	14,558	17,024	11,276	12,156	10,096	10,601	10,124	9,765	8,250
Contribution Deficiency (Excess)	<u>\$ (10)</u>	<u>\$ (546)</u>	<u>\$ (3,417)</u>	<u>\$ 2,957</u>	<u>\$ 1,645</u>	<u>\$ 6,373</u>	<u>\$ 5,652</u>	<u>\$ 3,604</u>	<u>\$ 3,608</u>	<u>\$ 3,558</u>
Covered Payroll	\$ 47,248	\$ 46,141	\$ 47,792	\$ 46,672	\$ 43,520	\$ 42,459	\$ 40,060	\$ 39,083	\$ 38,130	\$ 38,130
Contributions as a Percentage of Covered Payroll	27.89 %	31.55 %	35.62 %	24.16 %	27.93 %	23.78 %	26.46 %	25.90 %	25.61 %	21.64 %

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes To Schedule:

Valuation Date: 7/1/2022
Measurement Date: June 30, 2024
Valuation Timing: Actuarially determined contribution rates are calculated as of June 30, for both two and three years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age Normal (level percentage of salary)
Amortization Method: Level percentage of salary, closed
Amortization Period: 26 years; Prior Period: 28 years
Asset Valuation Method: Five-year smoothed market
Inflation: 2.40% (Prior: 2.40%)
Healthcare Cost Trend Rates: 6.5% for 2022, decreasing 0.20% per year to an ultimate rate of 4.40% for years 2033 and later.
Prior: 6.50% for 2020, decreasing 0.20% per year to 4.40% for years 2031 and later.
Salary Increases: Graded salary growth with an ultimate rate of 3.0%
Investment Rate of Return: 6.90% (Prior: 7.00%)
Retirement Age: Rates based on age and service
Mortality: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2021.
Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB PLAN – CITY
LAST EIGHT FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.84 %	6.28 %	(15.60)%	28.34 %	2.57 %	6.11 %	6.73 %	7.90 %

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF CHANGES IN BOE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service Cost	\$ 154	\$ 227	\$ 293	\$ 407	\$ 289	\$ 530	\$ 537
Interest	477	610	436	534	705	1,145	1,068
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(58)	(4,729)	(78)	(6,051)	(291)	(4,800)	(305)
Changes of Assumptions and Other Inputs	(367)	276	(3,008)	1,740	3,659	(5,761)	(1,138)
Benefit Payments	(519)	(465)	(567)	(395)	(443)	(289)	(516)
Net Change in Total OPEB Liability	(313)	(4,081)	(2,924)	(3,765)	3,919	(9,175)	(354)
Total OPEB Liability - Beginning	13,163	17,244	20,168	23,933	20,014	29,189	29,543
Total OPEB Liability - Ending	<u>\$ 12,850</u>	<u>\$ 13,163</u>	<u>\$ 17,244</u>	<u>\$ 20,168</u>	<u>\$ 23,933</u>	<u>\$ 20,014</u>	<u>\$ 29,189</u>
Covered Payroll	\$ 44,991	\$ 43,261	\$ 41,597	\$ 39,997	\$ 36,195	\$ 34,803	\$ 39,048
Total OPEB Liability as a Percentage of Covered Payroll	28.56 %	30.43 %	41.45 %	50.42 %	66.12 %	57.51 %	74.75 %

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS' RETIREMENT PLAN
LAST SEVEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportion of the Net OPEB Liability	- %	- %	- %	- %	- %	- %	- %
City's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the City	<u>14,948</u>	<u>14,883</u>	<u>15,038</u>	<u>25,994</u>	<u>23,658</u>	<u>23,383</u>	<u>30,324</u>
Total	<u>\$ 14,948</u>	<u>\$ 14,883</u>	<u>\$ 15,038</u>	<u>\$ 25,994</u>	<u>\$ 23,658</u>	<u>\$ 23,383</u>	<u>\$ 30,324</u>
City's Covered Payroll	\$ 46,896	\$ 45,440	\$ 43,470	\$ 41,393	\$ 39,504	\$ 37,897	\$ 36,153
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	- %	- %	- %	- %	- %	- %	- %
Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability	11.92 %	9.46 %	6.11 %	2.50 %	2.08 %	1.49 %	1.79 %

Notes to Schedule

Changes in Benefit Terms

There were no changes to benefit terms since the prior Measurement Date

Changes of Assumptions

Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2023 was updated to equal the SEIR of 3.64% as of June 30, 2023;

Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Investment Rate of Return
Price Inflation

Entry age
Level percent of payroll over an open period
30 years
Market value of assets
3.00%, net of investment related expense including price inflation
2.5

Notes:

- This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date

Appendix B

Form of Legal Opinion of Bond Counsel

FORM OF APPROVING OPINION OF BOND COUNSEL

December __, 2025

City of Middletown
City Hall
245 deKoven Drive
Middletown, Connecticut 06457

We have acted as Bond Counsel to the City of Middletown, Connecticut (the “City”) in connection with the issuance by the City of its \$30,000,000 General Obligation Bonds, Issue of 2025 (the “Bonds”) dated December __, 2025. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Compliance Agreement of the City dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the City and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that when the Bonds are duly certified by U.S. Bank Trust Company, National Association, the Bonds will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

Based on the foregoing, we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Bonds.

Middletown, Connecticut
December __, 2025
Page 3 of 3

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances or changes in law that may come later to our attention or occur.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

**FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE CITY OF MIDDLETOWN, CONNECTICUT**

**In Connection With The Issuance and Sale of
City of Middletown, Connecticut
\$30,000,000 General Obligation Bonds, Issue of 2025**

This Continuing Disclosure Agreement (“Agreement”) is made as of December __, 2025, by the City of Middletown, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$30,000,000 General Obligation Bonds, Issue of 2025, dated December __, 2025 (the “Bonds”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated December __, 2025 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and account; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A)** the amounts of the gross and net taxable grand list;
 - (B)** a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
 - (C)** the percentage or amount of the annual property tax levy collected and uncollected;
 - (D)** a schedule of the annual debt service on outstanding long-term bonded indebtedness;
 - (E)** a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
 - (F)** the direct debt and overall net debt of the Issuer per capita;
 - (G)** the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;
 - (H)** a statement of statutory debt limitations and debt margins;
- and
- (I)** the funding status of the Issuer's pension benefit obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. the Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds; provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances;
- (ix) rating changes;
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is City of Middletown, Finance Department, 245 deKoven Drive, Middletown, Connecticut 06457, Attn: Director of Finance & Revenue. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

[signature page to follow]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF MIDDLETOWN, CONNECTICUT

By: _____
Eugene P. Nocera
Mayor

By: _____
Carl Erlacher
Director of Finance & Revenue Services

Appendix D

Notice of Sale

NOTICE OF SALE

CITY OF MIDDLETOWN, CONNECTICUT
\$30,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2025
BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the CITY OF MIDDLETOWN, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on WEDNESDAY,

DECEMBER 17, 2025

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$30,000,000 General Obligation Bonds, Issue of 2025, dated December 30, 2025 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on May 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)</u>	<u>Maturity</u>	<u>Amount (\$)</u>
2027	3,000,000	2032	3,000,000
2028	3,000,000	2033	3,000,000
2029	3,000,000	2034	3,000,000
2030	3,000,000	2035	3,000,000
2031	3,000,000	2036	3,000,000

The Bonds will bear interest commencing May 15, 2026 and semiannually thereafter on November 15 and May 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption

The Bonds maturing on or before May 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on or after May 15, 2032, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
May 15, 2032 and thereafter	100.0%

Nature of Obligation

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount, except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

Bank Qualification

The Bonds SHALL NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Issuer as of the close of business on the record date preceding each interest payment date.

Record Date

The record dates for the Bonds will be the last business day of April and October in each year.

Proposals

Each bid must be for the entire \$30,000,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent ($1/20$ of 1%) or one-eighth of one percent ($1/8$ of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than two (2) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Issuer, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the bidder whose bid proposes the lowest true interest cost ("TIC") to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one bidder making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Issuer further reserves the right to cancel or postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a cancellation or postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®**. Any prospective bidder must be a subscriber of the BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 or (212) 849-5023 – email notice: munis@spglobal.com or parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each **PARITY®** prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of

PARITY® to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021 or (212) 849-5023. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time as maintained on **PARITY®** shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

The Bonds will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

Delivery, Payment and Closing Requirements

At or prior to the delivery of the Bonds the purchaser shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel (“Bond Counsel”) (see “Bond Counsel Opinion” below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Issuer to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about December 30, 2025 (the “Closing Date”).

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer’s costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

Bond Counsel Opinion

The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael J. Andreana, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (203) 330-2235, E-mail: mandreana@pullcom.com and (2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those

Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

Official Statement

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated December 10, 2025 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

CITY OF MIDDLETOWN, CONNECTICUT

EUGENE P. NOCERA
Mayor

CARL R. ERLACHER
Director of Finance & Revenue Services

December 10, 2025

ATTACHMENT A

ISSUE PRICE CERTIFICATE

(If Competitive Sale Rule Met)

CITY OF MIDDLETOWN, CONNECTICUT
\$ _____ GENERAL OBLIGATION BONDS, ISSUE OF 2025
DATED DECEMBER 30, 2025

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The CITY OF MIDDLETOWN, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about December 30, 2025, the Bonds at a price of par (\$ _____), plus an aggregate net premium of \$ _____ and less an underwriter’s discount of \$ _____, resulting in an aggregate net purchase price of \$ _____.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of December 17, 2025 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Pullman & Comley, LLC, bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of December 17, 2025.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

<u>Maturity, May 15</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2027	3,000,000		
2028	3,000,000		
2029	3,000,000		
2030	3,000,000		
2031	3,000,000		
2032	3,000,000		
2033	3,000,000		
2034	3,000,000		
2035	3,000,000		
2036	3,000,000		

Schedule B to Issue Price Certificate